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EASTERN

F.O.
371

1948

PALESTINE ✓

FILE No.7.....

pp 3565 - 8418

68606

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1948

PALESTINE

E 3565
17 MAR 1948

Registry Number | E3565/7/31

TELEGRAM FROM

United Kingdom
No. Delegation

Dated NEW YORK

Received in Registry 90 Saving
RESTRICTED
13th Mar
17th "

Joint Economic Board for Palestine.

Refers Foreign Office telegram No. 454 of February 2nd. (E1473/7/31) Item 5: Arrangements in connexion with Elections to Palestine Joint Economic Board. This item came up in plenary session of the Economic and Social Council on March 11th, when the President reported that nothing had happened to affect the Palestine Commission's recommendation that the elections should be postponed until the July session. Argument ensued mainly between the Soviet and U.S. delegates, outcome of which is that item will come up immediately after formal business at the next session.

Last Paper.

3350

References.

68606

(Print.)

(How disposed of.)

8 Walker 80
Herman Cab off
Robert 11.5
M12a
M04
Admky
AM Mar 17

(Minutes.)

U.N. (Political) Depd.
U.N. (Economic) Depd.

17/3
H.B. 17/3

(Action completed.)

17/3

(Index.)

17/3

Next Paper.

(3794) 6/3/31

E-3881

30471 F.O.P.

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En Clair [by confidential bag]

WORLD ECONOMIC AND SOCIAL
DISTRIBUTION

FROM NEW YORK TO FOREIGN OFFICE

(From United Kingdom Delegation to United Nations)*

No. 90 Saving

13th March, 1948. R. 15th March, 1948.

Repeated to Jerusalem No. 2 Saving
Washington No. 960 Saving

FERTILE
RESTRICTED

Addressed to Foreign Office telegram No. 90 Saving
of 13th March repeated for information to Jerusalem
and Washington Saving.

Your telegram No. 454 [of February 2nd].

Item 5: Arrangements in connexion with Elections to
Palestine Joint Economic Board.

As suggested by the United States this item had been
held over to the end of the agenda in case developments
elsewhere during the session should make immediate election
of the foreign members desirable.

2. The item came up in plenary session of the Economic
and Social Council on March 11th, when the President
reported that nothing had happened to affect the Palestine
Commission's recommendation that the elections should be
postponed until the July session.

3. The Soviet representative (Arutiunian) then launched
into a long prepared harangue demanding that the foreign
members should be elected at once. He argued firstly
that the Council should be guided only by the General
Assembly's instructions and not by the recommendation of
the Palestine Commission, which had no authority to advise
the Council or alter the time-limits set by the General
Assembly on the various steps in the partition plan. The
General Assembly's instructions were that the Economic
Union and the Joint Board should be established as soon
as practicable; it plainly intended that the Provisional
Councils of Government should come into being by April 1st
and therefore that by April 1st or soon after there should
be also an economic administration in Palestine capable of
establishing the customs union and other features of the
economic union. It was no concern of the Council's whether
the Palestine Commission was keeping the schedule or that
it had not yet established the Preparatory Economic

/Commission. The Council

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2.

Commission. The Council must carry out Assembly instructions even if other bodies did not. Any member who voted against elections at this session would be flouting the General Assembly. The growing conspiracy on the part of some members to sabotage partition could not be tolerated.

4. The United States then pointed out that but for their own initiative all action would have been postponed to July six weeks before, at the beginning of the session. They had suggested taking the item last because they were then and remained now most anxious to see the Joint Board in being as soon as practicable. In view of slow progress elsewhere elections were plainly not practicable now. The Council had no advice from the Palestine Commission about the terms and conditions of service and the desirable qualifications of the members. The Soviet arguments about April 1st were not correct as Part I, A, 3 of the partition plan showed.

5. The Soviet representative in reply maintained his stand and argued that even disregarding the Assembly's wishes the Council must see that the Economic Union must be fully prepared by the time the Mandatory's forces completed evacuation on August 1st. It was no good delaying the election of the Joint Board until July 19th at the earliest. At one point Arutiunian remarked that everyone knew about the equivocal attitude of the United States Government towards implementation of the partition plan and how they were being influenced by pressure from oil interests.

6. The United States replied and were supported by Australia, Canada, Chile and France, the last two pointing out that they in view of the item's wording had received no instructions on the actual elections but only on arrangements for conducting them. Poland and Byele-Russia supported the U.S.S.R. The United Kingdom representative, after consulting the Colonial Officer advisers, abstained throughout from intervention of voting.

7. The Soviet motion for immediate elections was defeated on a roll-call by 3 votes (Slavs) to 9 with six abstentions (Denmark, Lebanon, Peru, Turkey, United Kingdom and Venezuela).

8. The Polish representative (Katz-Suchy), in a surprisingly conciliatory speech, then suggested at least starting preparations for the elections so that they could be held very early in the next session. He first suggested an interim committee of three to invite and consider nominations from Governments, but after a short recess he submitted a draft resolution jointly with Venezuela (E/773) calling on member states to submit names and asking the Secretary-General to consult the Palestine Commission on terms of service, qualifications, etc. and to submit their advice, together with the list of nominees to the Council early in

/its next session.

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New York telegram No. 90 Saving to Foreign Office

3.

its next session. This proposal was hailed with relief and adopted with minor amendments in the form that will have reached you in E/774. It is understood that the item will come up immediately after formal business at the next session. Voting was 14 for, none against, with China, Lebanon, Turkey, and the United Kingdom abstaining.

9. This was a carefully staged tactical victory for the Slav Group who were able to damage their opponents in debate and then secure their approval to a resolution sponsored by Poland.

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33.

1948

Palestine
EASTERN

Enklog/G 6
9 APR

Enklog [4/23/48]
U.K. Delegation
New York
1047
April 7th

Palestine: Financial & Economic
Questions.

Last Paper.

E281

References.

E128/4/C

(Print.)

(How disposed of.)

8) Mr. T. Gutch, Co.
Missborough, 124.
Mr. Jackie B.T.
Mr. Mitchell, Dep. F. & R.
Mr. Fawcett, Dep. F. & R.
Mr. Hitchman, Dep. F. & R.

April 9th

Off Mr. Hitchman
from.
P.T.B. Apr. 12

(Action
completed.)

28/4

(Index.)

Wfs.

Next Paper.

(Minutes.)

Ref. to Dept.
Draft submitted

ER Dym

Has Dym
Apr. 9

JB Apr. 13

Now see E-4807 a minute
and action. All depts.
Concur in the attached draft.

J.S. Benis
Apr. 21

Del sent

BAS

23.4

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2/H.

8) Mr J. Hutch c.o
Miss Longname Try
Mr Leckie B/T
Mr Mitchell M/F & P
Mr Seavanger M/F.

Apr 12/4

8) Mr. Russell Edwards
Try April 13th

Tel. New York 1652
April 23rd

Re W. H. S. (S)

8) Do above
April 24th

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-2-

4. It is understood that Commission are preparing a report to the General Assembly covering points on which they have been unable to reach satisfactory conclusions and it is therefore for consideration whether an opportunity should be found during the coming week to bring these outstanding economic and financial points to the notice of the Commission.

Please pass immediate to Colonial Office and repeat to Jerusalem important as my telegram No. 271.

[Copy sent to Telegraph Section, Colonial Office
for repetition to Jerusalem]

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No. E 4469/7/G

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~~Restricted.~~
~~Open.~~

J.G.S.B.

IMMEDIATE

FOREIGN OFFICE, S.W.1.

12 April, 1948.

Draft
Mr. Hitchman,
Treasury

Dear Hitchman,

You will ^{have} received a copy of New York telegram No. 1097 of April 8th referring to the Foreign Office despatch which covered the O.N.C. Paper on Financial and Economic Questions Resulting from the Withdrawal from Palestine, as approved by the Cabinet.

We should like to send Cadogan an early reply to his telegram, since there may not now be much time left for communicating to the United Nations Commission our views on the various subjects which have not yet been touched upon. It is of course possible that parts of the Paper, which was drafted at the beginning of the year, may require amendment or re-emphasis in the changing situation but I think there can be no question of arranging for the Paper to be reviewed inter-departmentally at this late stage and after Cabinet approval has been given. In the circumstances we should propose to instruct Cadogan to communicate as much as possible of the remaining items to the Commission and give him entire discretion to omit or edit any particular item in the light of the situation at New York. I attach a draft telegram for your concurrence.

As regards German external assets, I have just received the final draft of Abbott's memorandum and am sending this to New York.

I am sending copies of this letter to Gutch in the Colonial Office, Leckie at the Board of Trade, Mitchell at the Ministry of Fuel and Power, Feavearyear at the Ministry of Food, and Miss Loughnane at the Treasury.

Copies to:

Mr. J. Gutch,
Colonial Office.

Miss Loughnane,
Treasury.

Mr. Leckie,
Board of Trade.

Mr. Mitchell,
Min. of Fuel and
Power.

Mr. Feavearyear
Min. of Food

~~Mr. Hitchman,~~
~~Treasury~~

NOTHING TO BE WRITTEN IN THIS MARGIN.

(365) Wt. 25886/149 100m. 1/48 A.O.S.

E.R. Dept. Int.

235-Beint
Apr. 9

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I am sending copies of this letter to Gutch
in the Colonial Office, Leckie at the Board of
Trade, Mitchell at the Ministry of Fuel and Power,
Feavearyear at the Ministry of Food, and Miss
Loughnane at the Treasury.

Yours sincerely
J. C. S. Beith

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Telephone No.: WHITEHALL 5140

Any reply to this communication
should quote the following reference:

Your Ref.



BOARD OF TRADE.

MILLBANK,

LONDON, S.W.1

16th April 1948.

Dear Beith,

In confirmation of our conversation of the 15th relating to the draft telegram attached to your letter to Hitchman of April 12th we suggest that you might include something on the following lines:-

"We think you should put on record with the Commission the matters recommended in paragraph 44 of the Report of the Overseas Negotiations Committee, but that only the headings under paragraph 45 need be mentioned. In particular we think that the details of our arrangements with the Palestine Potash Company as contained in Appendix C should not be discussed but reserved for discussion when the successor Government in Palestine is set up".

I am copying this letter to Guch at the Colonial Office and Miss Loughnane at the Treasury.

Yours sincerely,

R. F. G. G. G.

J.C.S.Beith Esq.,
Foreign Office,
S.W.1.

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Registry
No. E. 4469/7/G

~~TOP SECRET~~
Secret.
~~CONFIDENTIAL~~
~~RESTRICTED~~
~~SECRET~~

CYPRUS F.O.
April 1948.

Despatched 1/5/48 M.

Draft.

U.K. DELEGATION,
New York.

IMMEDIATE
SECRET

Telegram.

No. 1652

(Date) April 23rd

Repeat to:

Jerusalem

Washington Saving

Index 18 541 SAV

Co., Try, B/T,

My. of Food & My.

of Food & Power

Concur

Mr. Beine

Att. 21

Mr. Clark

Cypher.

Distribution:-

Departmental

World Org.

Copies to:-

Colonial Office

Mr. Gutch

Treasury Mr. Russell

Edmonds

" Miss Loughnane

Min. Fuel & Power

Mr. R.C. Mitchell

Min. Food Mr. Felton

B.o.T. Mr. Leckie.

Addressed to U.K. Delegation New York telegram No. 1652 of April 23rd; repeated for information to Jerusalem and Saving Washington.

Your telegram No. 1097 of April 8th: financial and economic questions arising from withdrawal from Palestine.

Most of the important points of detail have now been dealt with in my telegram No. 1570 of April 5th and my telegram No. 1650, which replies to your telegrams Nos. 1186 and 1187. It is important that as much as possible of the information contained in the Overseas Negotiation Committee paper should be placed on record at the United Nations, and it seems to us, subject to your views, that the Commission is still the appropriate body to take note of this information. ~~The fate of the partition plan does not appear to affect the issue, since these~~ financial and economic questions will arise from our withdrawal whatever solution may ultimately be found for the Palestine problem.

2. As regards your paragraph 2 (1) see my despatch No. 108.

3. Paragraphs 44 and 45 of the O.N.C. paper. You should place on record with the Commission the contents of paragraph 44, but only the headings under paragraph 45 should be mentioned.

In/

NOTHING TO BE WRITTEN IN THIS MARGIN.

(13555) Wt. 43697-140 100mm 3147 G.S.S. Gp 629

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In particular the details of our arrangements with the Palestine Potash Company, as described in Appendix C, should not be discussed but reserved for discussion when the successor Government is set up in Palestine.

MTLs
234

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13
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Cypher/OTP
E.4469/7/G
Secret

WORLD ORGANISATION DISTRIBUTION

FROM FOREIGN OFFICE TO NEW YORK
(To United Kingdom Delegation to the United Nations)

No. 1652

25th April, 1948

D: 1.05 p.m. 25th April, 1948

Repeated to: Jerusalem
Washington No. 541 Saving

IMMEDIATE
SECRET

Addressed to United Kingdom Delegation New York:
telegram No. 1652 of April 25th repeated for information
to Jerusalem and Washington Saving.

Your telegram No. 1097 [of April 8th: financial
and economic questions arising from withdrawal from
Palestine].

Most of the important points of detail have now
been dealt with in my telegram No. 1570 [E.4502] and
my telegram No. 1650, which replies to your telegrams
Nos. 1186 and 1187. It is important that as much as
possible of the information contained in the Overseas
Negotiations Committee paper should be placed on record
at the United Nations, and it seems to us, subject to
your views, that the Commission is still the appropriate
body to take note of this information. These financial
and economic questions will arise from our withdrawal
whatever solution may ultimately be found for the Palestine
problem.

2. As regards your paragraph 2 (1) see my despatch
No. 108.

3. Paragraphs 44 and 45 of the O.N.C. paper. You
should place on record with the Commission the contents
of paragraph 44, but only the headings under paragraph
45 should be mentioned. In particular the details of our
arrangements with the Palestine Potash Company, as
described in Appendix C, should not be discussed but
reserved for discussion when the successor Government
is set up in Palestine.

G G G G

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<p>34. 1948</p>	<p>Palestine</p> <p>EASTERN</p>	<p>E4507 /G 16</p> <p>4 APR</p>
<p>E 4507 / 17 / 31 / 2</p> <p>Mr. Gutch, Colonial Office, to Mr. Beith 75872/154/24/US Apr 14th.</p>	<p>Palestine: Financial & Economic Questions.</p>	
<p>Last Paper</p> <p>E4509</p>	<p>(Minutes)</p> <p>per 1st. attached</p>	
<p>References</p> <p>E4509/4/C E4502/4/31 E4509/4/31</p>	<p>See E4502 a action JB Apr. 16</p>	
<p>(Print)</p>		
<p>(How disposed of)</p>		
<p>(Action completed)</p> <p>MD 28/4</p>	<p>(Index)</p> <p>Wfs.</p>	
<p>Next Paper</p>		

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Colonial Office,
The Church House,
Gt. Smith Street,
S.W.1.

My Reference 75872/154/27/48.

Your Reference

14th April, 1948.

Dear Beith,

Would you refer to your letter to Hitchman of the 12th April, on the subject of New York telegram No.1097 of the 8th April, referring to the O.N.C. paper on financial and economic questions arising out of the British withdrawal from Palestine. We discussed this matter on the telephone and you agreed that the draft enclosed with your letter would now require revision, in the light of the subsequent telegrams from New York Nos.1113 and 1116. I have discussed these telegrams with Russell Edmunds, Treasury, and we are in general agreement with the United Kingdom's Delegation's comments in their telegram No.1116 on the specific points now raised by the United Nations Commission as requiring immediate attention. There are, however, one or two points on which the Delegation have asked for further instructions and we suggest that the reply on these particular points should be on the following lines:-

B. Administration. Item 4. Access to Haifa after
15th May, 1948.

The main objective of the G.O.C., Palestine after 15th May, will be the orderly evacuation of British Forces and for this purpose his requirements will have to take priority as regards the use of Haifa port. Subject to this, however, the G.O.C. will conduct the evacuation with due regard to the welfare of the civilian population and the economy of the country. It might be added for the /information

J. G. S. BEITH, ESQ.

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information of the Delegation that this point will be covered in the G.O.C.'s directive as they surmise.

C. Economic and Financial. Item 3. Release of Sterling Balances after the 15th May.

The Delegation have already been promised an answer on this point, in reply to paragraph (i) of their telegram No.955 on the subject of food supplies. (See paragraph 7 of Foreign Office telegram No.1384 of the 3rd April). We understand that this matter is under active consideration by the branch of the Treasury concerned (Miss Loughnane).

Item 7. Matters relating to the assets and liabilities of Palestine.

If the points made in the recommendations contained in (a), (b), (d) and (f) of paragraph 30 of the O.N.C. paper have not already been clearly made to the Commission, it is considered that an early opportunity should be taken of informing them that in negotiating a financial settlement arising out of the termination of the Mandate, H.M.G. will be guided by the principles underlying those recommendations. In H.M.G.'s view the negotiation of this financial settlement cannot usefully be undertaken until the ultimate decision of the United Nations on the future Government of Palestine has been reached. The recommendations mentioned above are the following:-

- "(a) that a clear distinction is drawn between Palestine Government assets and assets of His Majesty's Government,
- (b) that the vesting of land directly in the Service Departments is duly acknowledged as full and clear title of His Majesty's Government departments with freedom to dispose /of

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(J. Gutch)

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PALESTINE

E 4730

17

16 APR 1948

Registry Number **E4730/7/31**

TELEGRAM FROM
United Kingdom
Delegation
No. NEW YORK
Dated 1159
Received in Registry } 15th April
16th "

Palestine, Financial Position.

Refers Jerusalem telegram No, 1039. Following for Paton from Fletcher Cooke.
In Para two of telegram under reference it is stated that special reserve fund was taken into account when estimating deficit. Does this mean that gross deficit on 15th May will be 9,671,858 pounds Palestinian? Discusses further the financial position.

Addressed Jerusalem No, 281

Last Paper.

4657

References.

(Print.)

(How disposed of.)

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Adman Cole off
Rosen M.S.
M.S.
M.S.
Adman
A.M.
Longshore Leg
Russell Edmunds
Rosen R.O.T.
Gutick 8.0 am

(Minutes.)

E.A. Sept. 1944

JB Apr. 16

See Wicken New York tel 1205 20/4

JB Apr. 29

(Action completed.)

19/1/49

(Index.)

19/1/49

Next Paper.

4267

32008 F.O.P.

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E 4730

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CYPHER/OTP

DEPARTMENTAL DISTRIBUTION

FROM NEW YORK TO FOREIGN OFFICE

(From United Kingdom Delegation to the United Nations)

No. 1,159.

D: 2.10 p.m. 15th April, 1948.

15th April, 1948.

R: 8.30 p.m. 15th April, 1948.

MOST IMMEDIATE

SECRET

Addressed to High Commissioner Jerusalem telegram No. 281 repeated for information to Foreign Office and Washington Saving.

Your telegram No. 1039.

Financial position, Palestine.

Following for Paton from Fletcher-Cooke.

[Begins]

In paragraph 2 you state that special reserve fund was taken into account when estimating deficit. Does this mean that gross deficit on 15th May will be 9,671,858 pounds Palestinian?

2. From paragraph 2 of your Savings brief No. 167 (addressed to Colonial Office as No. 99 of 26th March) it would appear that special reserve of 3,000,000 pounds Palestinian has not (repeat not) been taken into account in estimating deficit at 6,671,858 pounds.

3. In any case, as special reserve fund appears to fall short by 1,000,000 pounds Palestinian of commitments which will have to be met by His Majesty's Government for the period immediately following termination of mandate, it would seem that ultimate deficit will be as follows:-

(1) Deficit on 15th May 6,671,858 pounds Palestinian.

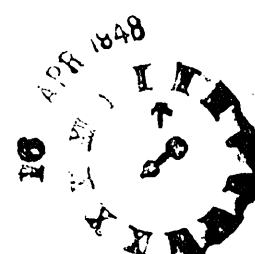
(2) Deduct proceeds of sale of Haifa harbour estate 700,000 pounds Palestinian.

(3) Deduct savings as regards actual expenditure (paragraph 3 of Colonial Office telegram to you No. 1418 refers) 1,000,000 pounds Palestinian.

(4) Amended deficit 4,971,858 pounds Palestinian.

/(5) But add

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19
New York telegram No. 1,159 to Foreign Office.

- 2 -

(5) But add amount by which special reserve fund of 3,000,000 pounds Palestinian falls short of His Majesty's Government's post termination of mandate commitments at 4,000,000 pounds Palestinian 1,000,000 pounds Palestinian.

(6) Final estimate of deficit 5,971,858 pounds Palestinian.

4. Grateful for earliest possible confirmation of the above.

Please pass to Jerusalem Most Immediate and to Colonial Office.

[Copy sent to Colonial Office and to Telegraph Section Colonial Office for repetition to Jerusalem].

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DEPARTMENTAL DISTRIBUTION

FROM NEW YORK TO FOREIGN OFFICE (INDEXED)
(From United Kingdom Delegation to the United Nations)

No. 1.205.

D: 11.50 a.m. 20th April, 1948.

20th April, 1948.

R: 5.59 p.m. 20th April, 1948.

IMMEDIATE

Addressed High Commissioner Jerusalem telegram
No. 306 20th April repeated Foreign Office and Saving
to Washington.

Following for Paton from Fletcher Cooke.

Financial position.

Grateful for earliest possible reply to my
telegram No. 288 (repeated to Foreign Office for
Colonial Office 1159).

2. My telegrams Nos. 297 and 298 (addressed to
Foreign Office as 1186 and 1187 also refer).

27 APR 1948 Please pass Immediate to Colonial Office and
Jerusalem.

Copies sent to Colonial Office and to Telegraph
Section Colonial Office for repetition to Jerusalem]

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E 4767
17 APR 1948

1948

Registry Number **E4767/7/31**

TELEGRAM FROM

No. **United Kingdom**
Delegation
NEW YORK
Dated **1166**

Received } 16th April
in Registry } 17th "

Exclusion of Palestine from the Sterling Area.

In last of statement issued in New Yor on 21st February, the hope was expressed that it would be possible for Commission to appoint a Representative to act as an observer at the deliberations of the Palestine Currency Board. Commission have now agreed in principle to appoint an observer but reserve their position regarding future of Board after May 15th. Commission have also enquired when next meeting of Board will be held so that may designate an observer whose name will be communicated.

Last Paper.

~~4766~~ 4780

References.

(Print.)

(How disposed of.)

8, Blackhurst, 80
Admiral Cook Off
Lakers M.I.C
Langhorne Jay
Russell Edwards
Leckie P.O.T.
Butch E.O.
M.I.34
M.O.Y
Admiral
A.M. Apple

(Action completed.)

Next Paper.

E 4807

Wt. 24772/717 17895 1938 F.O.P.

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Mr. Stevenson,
Jury.
(3c.)

SPEC. MESS.

20. APRIL.

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Cypher/OTP

E 4767

WORLD ORGANISATION
DISTRIBUTION

17 APR 1948

FROM NEW YORK TO FOREIGN OFFICE

(From United Kingdom Delegation to United Nations)

No. 1166

D. 1.18 pm. 16th April, 1948.
R. 7.35 pm. 16th April, 1948.

16th April, 1948.

Repeated to Jerusalem
Washington(Saving)

IMMEDIATE

SECRET

Addressed to Foreign Office telegram No. 1166 of 16th April, repeated for information to Jerusalem and saving to Washington.

Exclusion of Palestine from sterling area.

In last sentence of statement issued here on 21st February, the hope was expressed that it would be possible for Commission to appoint a Representative to act as an observer at the deliberations of the Palestine Currency Board.

2. Commission have now agreed in principle to appoint an observer but reserve their position regarding future of Board after 15th May. (In this connexion, see also sub-paragraph 7 of paragraph 1 of my telegram No. 1147).

3. Commission have also enquired when next meeting of Board will be held so that they may designate an observer whose name will be communicated.

Please pass immediate to Colonial Office and immediate to Jerusalem as my telegram No. 291.

[Copies sent to Colonial Office for information and for repetition to Jerusalem].



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35 7. 0	Palestine EASTERN	E 4807/G 23
E 4807/1/1/31/2 U.K. Delegation, New York, 1186 April 14th.	Palestine Economic & Financial Questions.	
Last Paper. E 4657	(Minutes.) usual distribution carried out. / Fin B	
References. E 4697/1/C (Print.)	I attach two draft telegrams in the Brief series which have been prepared by the Colonial Office and the Treasury in reply to New York telegrams Nos. 1186 and 1187. These telegrams, following on Foreign Office telegram No. 1570 to New York /E.4502/ give Sir A. Cadogan guidance on most of the important points of detail in the Overseas Negotiations Committee paper /E.1275/ which are still outstanding. Nevertheless we still owe New York a reply to their telegram No. 1097 /E.4469/ on which our draft telegram has been subject to constant amendments in the light of departmental observations and was awaiting Treasury clearance when New York telegrams Nos. 1186 and 1187 were received.	
(How disposed of.) Tel. New York 160 April 23rd Rptd. W. 4468 Tel. New York 161 April 23rd Rptd. W. 4469 P. L. Both 161 Mr. Gutch, 30. Mr. Russell Edwards, 10. Mr. Hougham, 10. Mr. Mitchell, 10. Mr. Gelson, 10. Mr. Keene, 10. April 24th	this I therefore submit, with paper, E. 4469/7/G also with a telegram containing general instructions and clearing up any remaining loose ends. E. A. West. J. G. S. Beith 21st April, 1948. File sent M/K 23.4.	
(Action completed.) (Index.) 28/4 16/4	Next Paper.	

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DEPARTMENTAL DISTRIBUTION

(From United Kingdom Delegation to United Nations)

D. 3.17 p.m. 17th April, 1948

R. 10.10 p.m. 17th April, 1948

IMMEDIATE
TOP SECRET

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(1) the financial position of the Government of Palestine at the time of the termination of the Mandate.

2. No (repeat no) action is being taken as regards
(2) until a reply is received to our telegram No. 1097.

4. My immediately following telegram contains

(b) a summary of the statement referred to in that draft letter.

/5. These two documents

25

2.

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7. The Secretary of State would therefore be grateful if you would consult the Treasury on this matter and let us have their views as soon as possible.

8. The main point to be emphasised is that if the Commission were to give the undertakings sought in the draft letter to them they might well claim that on 15th May not only should such assets as the Currency Board reserve funds and the unspent balance of bearer bonds be handed over to them forthwith but also the special reserve fund of the Government of Palestine amounting to three million pounds (or such part of it as had not (repeat not) been disbursed by that date), which would mean that the latter sum at least would not (repeat not) be available to His Majesty's Government to meet these liabilities which will have to be met immediately following the termination of the Mandate and which, as you will see from the summary of the statement, amount to four million pounds.

9. Secretary of State therefore feels that we should confine ourselves at this stage to forwarding the statement to the Commission and telling them that the special reserve fund of three million pounds, together with any other movable assets in the hands of His Majesty's Government, will be regarded as available for disbursement by His Majesty's Government to meet any expenditure incurred by His Majesty's Government for the account of Palestine after 15th May.

10. Grateful for earliest possible reply.

Foreign Office please repeat Immediate to Jerusalem as my telegram No. 297.

[Copy sent to Colonial Office and to Telegram Section
Colonial Office for repetition to Jerusalem].

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Draft.

UKDEL, New York.

Telegram.

No. 1650

(Date) April 23rd

Repeat to:—

High Commissioner,
Palestine No....

Washington
No.

W.O.
Cof. by. Conur
H.S. 21

B
ER. Dept. Int.
3 drafts

En. Chair.
Cypher. 22.4

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SECRET
GIANT

Add. UK Del. N. York No. 1650^{M.} Ap²³
Rep. for info. Jerusalem & Washn.

[of Apr. 17:]

Your telegrams Nos. 1186 and 1187. Palestine
financial position and assets and liabilities.]

Matter has been reviewed here in the
light of the considerations mentioned in
paras. 6 and 8 of your telegram No. 1186.

It is felt that communication to the Commission
in the terms since authorised under C(vii) of
my telegram No. 1570 would not commit us to
hand over assets to the Commission forthwith
in return for a verbal undertaking to accept
the liabilities ^{on its question} nor would it conflict with
the assurances given in the House. It is
agreed, however, that there would be
considerable advantage in adding to the
communication previously authorised a sentence
to the effect that in the meantime (i.e. pending
negotiation of a financial settlement)
His Majesty's Government will regard the
moveable assets of the Palestine Government
as available for disbursement by them to meet
any expenditure incurred by His Majesty's
Government for the account of Palestine after
the 15th May. You should therefore now
communicate with the Commission in the terms
of C(vii) of my telegram No. 1570 with the
above addition.

2. It is agreed that a statement of the
/financial...

NOTHING TO BE WRITTEN IN THIS MARGIN.

(13556) Wt. 43897-140 100m 347 C.S.St. Gp 620

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26

Draft.

UKDEL, New York.

IMMEDIATE

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~~SECRET~~
~~GIANT~~

Add. UK Del. N. York No. 1650 of Apr. 23
Rep. for info. Jerusalem & Washn.

Telegram.

No. 1650

(Date) April 23rd

Repeat to :-

High Commissioner,
Palestine No.

Washington
No.

W.O.
Cof. Com. Comm.
H.S. Comm. 21

ER. Dept. Int.
3 drafts

En. Chair. [Signature]
Cypher. 22.4

Distribution :-

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Copies to :-

[of Apr. 17:]
Your telegrams Nos. 1186 and 1187. Palestine
financial position and assets and liabilities.]

Matter has been reviewed here in the
light of the considerations mentioned in
paras. 6 and 8 of your telegram No. 1186.
It is felt that communication to the Commission
in the terms since authorised under C(vii) of
my telegram No. 1570 would not commit us to
hand over assets to the Commission forthwith
in return for a verbal undertaking to accept
the liabilities nor would it conflict with
the assurances given in the House. It is
agreed, however, that there would be
considerable advantage in adding to the
communication previously authorised a sentence
to the effect that in the meantime (i.e. pending
negotiation of a financial settlement)
His Majesty's Government will regard the
moveable assets of the Palestine Government
as available for disbursement by them to meet
any expenditure incurred by His Majesty's
Government for the account of Palestine after
the 15th May. You should therefore now
communicate with the Commission in the terms
of C(vii) of my telegram No. 1570 with the
above addition.

2. It is agreed that a statement of the
/financial...

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financial position should be communicated to the Commission at the same time. My immediately following telegram contains amended summary resulting from review of financial position just completed here with Stewart, Financial Secretary to the Palestine Government.

MTL

22.4.

NOTHING TO BE WRITTEN IN THIS MARGIN.

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WORLD ORGANISATION DISTRIBUTION

FROM FOREIGN OFFICE TO NEW YORK

(To United Kingdom Delegation to United Nations)

No. 1650

April 23rd, 1948.

D. 12.55 p.m. April 23rd, 1948.

Repeated to High Commissioner Palestine
Washington No. 4468.

IMMEDIATE

SECRET

GIANT

Addressed United Kingdom Delegation New York telegram
No. 1650 of April 23rd repeated for information Jerusalem
and Washington.

Your telegrams Nos. 1186 and 1187 [of April 17th:
Palestine financial position and assets and liabilities].

Matter has been reviewed here in the light of the considerations mentioned in paragraphs 6 and 8 of your telegram No. 1186. It is felt that communication to the Commission in the terms since authorised under C(vii) of my telegram No. 1570 would not commit us to hand over assets to the Commission forthwith in return for a verbal undertaking to accept the liabilities nor would it conflict with the assurances given on this question in the House. It is agreed, however, that there would be considerable advantage in adding to the communication previously authorised a sentence to the effect that in the meantime (i.e. pending negotiation of a financial settlement) His Majesty's Government will regard the moveable assets of the Palestine Government as available for disbursement by them to meet any expenditure incurred by His Majesty's Government for the account of Palestine after the 15th May. You should therefore now communicate with the Commission in the terms of C(vii) of my telegram No. 1570 with the above addition.

2. It is agreed that a statement of the financial position should be communicated to the Commission at the same time. My immediately following telegram contains amended summary resulting from review of financial position just completed here with Stewart, Financial Secretary to the Palestine Government.

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(D) Abolition benefits not paid by
15th May. £1,800,000.

5. In addition to the above items, the following liabilities may ultimately have to be met by a successor authority:

(A) Government hirings and requisitioned buildings. If the total provision of £200,000 in the Estimates is expended, further expenditure would be considerably less than £850,000.

(B) Compensation to public for terrorist damage. No liability on this account has been accepted by the Palestine Government but the public have been permitted to register claims for eventual consideration on restoration of peaceful conditions. No estimate can be given of the amount which might be required under this item.

6. With reference to para. 4 of your telegram No. 1187 no objection to communicateⁱⁿ to Commission of list of other assets and liabilities as detailed in O.N.C. paper, but Notes in Appendix B will of course require amendment inter alia as regards para. 1 (general revenue balances), paras. 3 and 5 (further releases of bearer bond funds for loans to Tel Aviv and Haifa municipalities) and para. 7 (acceptance of responsibility by H.M.G. for Palestine Defence Bonds and Savings Certificates as recently announced).

NR/2

22.4.

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Cypher/OTP.

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Secret.

FROM FOREIGN OFFICE TO NEW YORK

(To United Kingdom Delegation to United Nations)

No. 1651.

D. 2.40 p.m. 25rd April, 1948.

25rd April, 1948.

Repeated to High Commissioner Palestine
Washington No. 4455.

IMMEDIATE.

SECRET.

GIANT.

Addressed to United Kingdom Delegation New York

telegram No. 1651 of April 25rd. repeated for information
to Jerusalem and Washington.

My immediately preceding telegram.

Following is revised summary of Palestine financial position. Position as shown in Palestine Government printed Estimates for period 1st April to 15th May, 1948.

(A)	Estimated deficit at 31st March	£2,211,894
(B)	Estimated revenue for period 1st April - 15th May, 1948	£2,402,856
(C)	Estimated expenditure for period 1st April - 15th May, 1948	£3,862,800
(D)	Estimated deficit for period 1st April - 15th May, 1948	£4,459,964
(E)	Total estimated deficit at 15th May, 1948	£3,671,858
(F)	Reserve fund	£3,000,000
(G)	Net estimated deficit at 15th May, 1948	£3,671,858

2. The above figures are affected by the following:

Estimated additional revenue.

(A) Sale of Haifa Harbour estate (excluding
registration fees, etc.) £350,000

/(B) Estimated War Office

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Foreign Office telegram No. 1651 to New York (U.K. DEL.)

- 2 -

(B)	Estimated War Office contribution in respect of T.J.F.F. abolition terms	£200,000
	<u>Estimated savings in expenditure</u>	
(C)	Personal emoluments	£500,000
(D)	Other charges	£500,000
(E)	Suspension of contract for new Post Office Tel Aviv	£220,000
	<u>Additional expenditure</u>	
(F)	Balance of cost of Cyprus camps up to 15th May (revised by War Office)	£500,000
(G)	Government hirings and requisitioned buildings (Head XLIII: Item 22)	£150,000

Revised figure for net estimated deficit at 15th May will therefore be £2,251,858.

3. It is thought advisable that the Commission should also be informed that a sum of £4,750,000 has been advanced by the Crown Agents for the Colonies to the Palestine Government in order to meet requirements occasioned by outstanding advances of approximately £5 million for food supplies and £1½ million for citrus, packing materials. To arrive at cash position this sum should be added to net deficit.

4. As regards liabilities falling due after 15th May:

- (A) Cyprus camps. It is anticipated that any payment on this account, will, subject to political developments, be balanced by residual value of the camps.
- (B) Withdrawal expenses. In addition to provision of £100,000 under Item 41 of Head XXV of the Estimates expenditure of a further £150,000 may be required.
- (C) Clearance offices. £45,000.
- (D) Abolition benefits not paid by 15th May. £1,800,000.

5. In addition to the above items, the following liabilities may ultimately have to be met by a successor authority:

- (A) Government hirings and requisitioned buildings. If the total provision of £200,000 in the Estimates is expended, further expenditure would be considerably less than £850,000.
- /(B) Compensation to

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Foreign Office telegram No.1651 to New York (U.K.DEL.)

- 5 -

(B) Compensation to public for terrorist damage.

No liability on this account has been accepted by the Palestine Government but the public have been permitted to register claims for eventual consideration on restoration of peaceful conditions. No estimate can be given of the amount which might be required under this item.

6. With reference to paragraph 4 of your telegram No.1187 no objection to communication to Commission of list of other assets and liabilities as detailed in O.N.C. paper, but Notes in Appendix B will of course require amendment inter alia as regards paragraph 1 (general revenue balances), Paragraphs 3 and 5 (further releases of bearer bond funds for loans to Tel Aviv and Haifa municipalities) and paragraph 7 (acceptance of responsibility by His Majesty's Government for Palestine Defence Bonds and Savings Certificates as recently announced).

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Draft.
UKDEL, New York.

Telegram.
No. 1651
(Date) April 23rd.

Repeat to :—
High Commissioner,
Palestine No....
Washington, D.C.
No. 469
Encl. 9
CO. & Tryconcur
J.S. Benin
Apr. 21

En Chair.
Code—
Cypher.

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XX IMMEDIATE
SECRET
GIANT

Despatched
Add. UKDEL N.Y. No. 1651
7 Apr. 23 Rep. Jerusalem & Wash. for info

My immediately preceding telegram No.

Following is revised summary of Palestine
financial position. Position as shown in
Palestine Government printed Estimates for
period 1st April to 15th May, 1948:

- (A) Estimated deficit at 31st March
£ 2,211,894
- (B) Estimated revenue for period
1st April - 15th May, 1948
£ 2,402,836
- (C) Estimated expenditure for period
1st April - 15th May, 1948
£ 6,862,800
- (D) Estimated deficit for period
1st April - 15th May, 1948
£ 4,459,964
- (E) Total estimated deficit at 15th May, 1948
£ 6,671,858
- (F) Reserve fund £ 3,000,000
- (G) Net estimated deficit at
15th May, 1948 £ 3,671,858.

2. The above figures are affected by the
following:

- Estimated additional revenue
- (A) Sale of Haifa Harbour estate
(excluding registration fees, etc.)
£ 650,000
- (B) Estimated war Office contribution
in respect of T.J.F.F. abolition terms
£ 200,000

/Estimated...

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(13556) Wt. 4807-140 100mm 3147 G.S.St. Gp 620

Estimated savings in expenditure

- (C) Personal emoluments £ 500,000
(D) Other charges £ 500,000
(E) Suspension of contract for
new Post Office Tel Aviv £ 220,000

Additional expenditure

- (F) Balance of cost of Cyprus camps
up to 15th May (~~revised by War Office~~)
£ 500,000
(G) Government hirings and requisitioned
buildings (Head XLIII: Item 22)
£ 150,000

Revised figure for net estimated deficit at
15th May will therefore be £2, 251, 858.

3. It is thought advisable that the Commission
should also be informed that ~~it is not~~
~~necessary to add to the estimated net deficit~~
~~of £2,251,858 at 15th May~~ a sum of £4,750,000
which has been advanced by the Crown Agents for the
Colonies to the Palestine Government in order
to meet requirements occasioned by outstanding
advances of approximately £3 million for food
supplies and £1½ million for citrus, packing
materials. *To arrive at cash position this sum
should be added to net deficit.*

4. As regards liabilities falling due after
15th May:

(A) Cyprus camps. It is anticipated that
any payment on this account, will, subject to
political developments, be balanced by residual
value of the camps.

(B) Withdrawal expenses. In addition to
provision of £100,000 under Item 41 of Head XXV
of the Estimates expenditure of a further
£150,000 may be required.

(C) Clearance offices. £45,000.

/(D) Abolition...

NOTHING TO BE WRITTEN IN THIS MARGIN.

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6.11.33
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Cypher/OTP.

R.4807/7/G.

Secret.

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FROM FOREIGN OFFICE TO NEW YORK

(To United Kingdom Delegation to United Nations)

No. 1651.

25th April, 1948. D. 2.40 p.m. 25th April, 1948.

Repeated to High Commissioner Palestine
Washington No. 4489.

IMMEDIATE.

SECRET.

CIANT.

Addressed to United Kingdom Delegation New York
telegram No. 1651 of April 25th. repeated for information
to Jerusalem and Washington.

My immediately preceding telegram.

Following is revised summary of Palestine financial
position. Position as shown in Palestine Government
printed Estimates for period 1st April to 15th May, 1948.

(A)	Estimated deficit at 31st March	£2,211,894
(B)	Estimated revenue for period 1st April - 15th May, 1948	£2,402,856
(C)	Estimated expenditure for period 1st April - 15th May, 1948	£6,862,800
(D)	Estimated deficit for period 1st April - 15th May, 1948	£4,459,934
(E)	Total estimated deficit at 15th May, 1948	£6,671,858
(F)	Reserve fund	£5,000,000
(G)	Net estimated deficit at 15th May, 1948	£5,671,858

2. The above figures are affected by the following:

Estimated additional revenue.

- (A) Sale of Haifa Harbour estate (excluding
registration fees, etc.) £650,000

/(B) Estimated War Office

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34
Foreign Office telegram No.1651 to New York (U.K. DEL.)

- 2 -

(B) Estimated War Office contribution
in respect of T.J.F.F. abolition terms £200,000

Estimated savings in expenditure

(C) Personal emoluments £500,000

(D) Other charges £500,000

(E) Suspension of contract for new Post
Office Tel Aviv £220,000

Additional expenditure

(F) Balance of cost of Cyprus camps up
to 15th May (revised by War Office) £500,000

(G) Government hirings and requisitioned
buildings (Head XLIII: Item 22) £150,000

Revised figure for net estimated deficit at
15th May will therefore be £2,251,858.

3. It is thought advisable that the Commission
should also be informed that a sum of £4,750,000 has
been advanced by the Crown Agents for the Colonies
to the Palestine Government in order to meet require-
ments occasioned by outstanding advances of
approximately £3 million for food supplies and £1½
million for citrus, packing materials. To arrive at
cash position this sum should be added to net deficit.

4. As regards liabilities falling due after
15th May:

(A) Cyprus camps. It is anticipated that any payment on
this account, will, subject to political develop-
ments, be balanced by residual value of the camps.

(B) Withdrawal expenses. In addition to provision of
£100,000 under Item 41 of Head XIV of the Estimates
expenditure of a further £150,000 may be required.

(C) Clearance offices. £45,000.

(D) Abolition benefits not paid by 15th May. £1,800,000.

5. In addition to the above items, the following
liabilities may ultimately have to be met by a successor
authority:

(A) Government hirings and requisitioned buildings.
If the total provision of £200,000 in the Estimates
is expended, further expenditure would be consider-
ably less than £850,000.

/(B) Compensation to

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— 8 —

(B) Compensation to public for terrorist damage.

No liability on this account has been accepted by the Palestine Government but the public have been permitted to register claims for eventual consideration on restoration of peaceful conditions. No estimate can be given of the amount which might be required under this item.

6. With reference to paragraph 4 of your telegram No. 1187 no objection to communication to Commission of list of other assets and liabilities as detailed in O.N.C. paper, but Notes in Appendix B will of course require amendment inter alia as regards paragraph 1 (general revenue balances), paragraphs 3 and 5 (further releases of bearer bond funds for loans to Tel Aviv and Haifa municipalities) and paragraph 7 (acceptance of responsibility by His Majesty's Government for Palestine Defence Bonds and Savings Certificates as recently announced).

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<p>36</p>	<p>Palestine</p>	<p>E4808 /G 36</p>
<p>E 4808 14/31/48 U.K. Delegation, New York 1184 April 18th.</p>	<p>Palestine Economic & Financial Questions</p>	
<p>Last Paper. E4808</p>	<p>(Minutes.)</p>	
<p>References. E4808/M/C</p>	<p>usual distribution carried out. See E4808 & action J.D. Apr. 21</p>	
<p>(Print.)</p>	<p>See within.</p>	
<p>(How disposed of.) 8) L with New York 1198 Mr. Gutch, Co. Miss Houghname, Trp. Mr. Heckie B.T. Mr. Mitchell, My P. Mr. Hitchman, Trp. Mr. Leaver, My P. Mr. Marshall, Comp. Trp. April 20th</p>	<p>1) New York telegram ~ 1198. 19/4/48. J.D. May 5</p>	
<p>(Action completed.) (Index.)</p>		
<p>Next Paper.</p>		

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Cypher/OTP

DEPARTMENTAL DISTRIBUTION

NEW YORK TO FOREIGN OFFICE.

(From United Kingdom Delegation to United Nations)

No. 1187
17th April, 1948

D. 4.22 p.m. 17th April, 1948
R. 11.44 p.m. 17th April, 1948

Repeated to Jerusalem
Washington Saving

IMMEDIATE

TOP SECRET

Addressed to Foreign Office telegram No. 1187 of 17th April repeated for information to Jerusalem and Washington Saving.

Following for Martin Colonial Office from Fletcher-Cooke.

My immediately preceding telegram.

Following is text of letter which it was proposed to send to Commission:-

"I enclose for the information of the Commission a statement relating to the general financial position and the assets and liabilities of the Government of Palestine.

2. I have been instructed to inform the Commission that the surrender of the assets of the Government of Palestine to the Commission is subject to

(a) The unqualified prior acceptance by the Commission as a charge on the assets of Palestine of

- (1) All liabilities incurred by the Government of Palestine prior to the termination of the mandate on 15th May 1948;
- (2) Responsibility for all expenditure incurred by His Majesty's Government after that date for the account of Palestine;
- (3) His Majesty's Government's liability in respect of the three percent guaranteed stock referred

to in sub-paragraph/

18 APR 1948

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38

Telegram No. 1187 from New York to Foreign Office

- 2 -

to in sub-paragraph (b) of paragraph 2 of section II of the enclosed statement; and

(b) The Commission's undertaking not to hand over the assets of Palestine to any successor authority or authorities without obtaining from such authority or authorities similar acceptance of the commitments mentioned in (1), (2) and (3) above.

3. The Commission will of course appreciate that (1) and (2) above comprise inter alia the payments due or to become due under the "abolition of office" arrangements which have already been brought to the notice of the Commission". [Ends].

2. Following is summary of statement referred to in proposed letter to Commission:-

"I (A) Estimated revenue debit balance on 31st March, 1948. LP 2,211,894 approximately.

(B) Estimate of expenditure 1st April to 15th May 1948. LP 6,862,800 approximately.

(C) Total of (A) and (B). LP 9,074,694 approximately.

(D) Estimate of revenue 1st April to 15th May 1948. LP 2,402,836 approximately.

(E) Proceeds of sale of Haifa Harbour Estate. LP 700,000 approximately.

(F) Total of (D) and (E). LP 3,102,836 approximately.

(G) Estimated net deficit on 15th May 1948. LP 5,971,858 approximately.

(H) Estimated savings on expenditure provided under (B) above (i.e. amount which although provided for expenditure during months of April and May 1948 is unlikely to be actually spent before 15th May 1948). LP 1,000,000 approximately.

(I) Final estimate of net deficit on 15th May 1948 if anticipated savings referred to under (H) materialise (i.e. total at (G) less

anticipated savings/

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Telegram No. 1187 from New York to Foreign Office

- 3 -

anticipated savings at (H)). LP 4,971,858 approximately.

(II) The figures referred to above do not (repeat not) include the following:-

- (A) Assets:
Special reserve fund of the Government of Palestine invested in His Majesty's Government's securities in the United Kingdom LP 3,000,000.
- (B) Liabilities falling under two heads:-
- (1) Those liabilities which will have to be met during the period immediately following the termination of the mandate on 15th May on behalf of the defunct Palestine administration as a charge against the assets of Palestine:-
- (A) Balance due for payment after the 15th May 1948 in respect of Cyprus camps - LP 2,000,000.
- (B) Shipping charges in connexion with evacuation in addition to LP 150,000 which will have been spent on evacuation prior to 15th May 1948 and for which provision has been made under estimate of expenditure at I(B) above - LP 150,000.
- (C) Cost of clearing offices (police clearing office in the United Kingdom and account clearing office in Cyprus) - LP 45,000.
- (D) Abolition benefits not paid by 15th May 1948 - LP 1,805,000.
- (E) Total of (A) to (D) A LP 4,000,000,
- (11) Those liabilities which will have to be met ultimately by a successor authority:-
- (A) Dilapidation and compensation payments for buildings rented or requisitioned by the Government of Palestine - LP 500,000.
- (B) Special payment in respect of the King David Hotel - LP 350,000.
- (C) Total of (A) and (B) - LP 850,000.

Note 1. As regards/

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Telegram No. 1187 from New York to Foreign Office

- 4 -

Note 1. As regards the payment in respect of the King David Hotel it is hoped to negotiate and pay before the 15th May 1948 an amount substantially less than this figure of LP 350,000 as a payment on account which will correspondingly increase the estimate of expenditure at I(B) above and reduce the balance to be paid ultimately by a successor authority.

Note 2. Termination of the mandate will no doubt bring to light numbers of small items of which no exact indication can be given at present.

Note 3. There may be an ultimate asset in the form of the disposal value of the Cyprus camps.

III. Inasmuch as those liabilities which will have to be met during the period immediately following the termination of the mandate amount to approximately LP 3,000,000 and inasmuch as the special reserve fund amounts to only LP 3,000,000 the net deficit after the termination of the mandate is likely to be increased by a further LP 1,000,000 and thus to total approximately LP 6,000,000. [Ends].

4. The statement goes on to list with explanations, the other assets and liabilities of the Government of Palestine referred to in paragraphs 22 [grp. undec?35] [grp. undec: ?31] and appendix B of the O.N.C. paper.

Please repeat Immediate to Jerusalem as my telegram No. 208.

[Copy sent to Colonial Office and to Telegraph Section Colonial Office for repetition to Jerusalem].

aaaaaaa

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EL808/1/G

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DEPARTMENTAL DISTRIBUTION

FROM NEW YORK TO FOREIGN OFFICE

(From United Kingdom Delegation to United Nations)

No. 1198
19th April, 1948.

D. 1.27 p.m. 19th April, 1948.

R. 7.37 p.m. 19th April, 1948.

Repeated to Jerusalem,
Washington Saving.

IMMEDIATE
TOP SECRET

Addressed to Foreign Office telegram No. 198 of 19th April,
repeated to Jerusalem and Saving to Washington.

My telegram No. 1187. Palestine.

In Section 3 of summary of statement in paragraph 2, the first figure (i.e. total of liabilities) should read 4 million and not 3 millions.

Please repeat Immediate to Jerusalem as my telegram No. 304.

[Copies sent to Telegraph Section, Colonial
Office for retransmission to Jerusalem]

QQQQQ

JB Apr. 21

RECEIVED IN C.O.
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E

E. 4830

20 APR 1948

1948

Joint Economic Board for Palestine.

Registry Number } E4830/7/31

FROM United Kingdom
Delegation
No. New York
607/5/31
Dated

Received } 16th April
in Registry } 20th "

Copy of letter from the United Nations calling His Majesty's Government's attention to the resolution adopted by the Economic and Social Council on 11th March (Document E/774) at (E3794/613/31) requesting members to submit names of suitable candidates for nomination as foreign members of the Joint Economic Board for Palestine.

Last Paper

4808

References

(Print)

(How disposed of)

810

gnd 26

Sept 4-22 Recd New York
from C. Dept

J. W. Yon

Nº 100

8, 10/10/19, P.O.

Copy to info is
(Action
completed)

Next Paper

511

Copy A.C.O.

copy a ✓ = 0. (Minutes.)
We still have till 15th June!

W. Reichman Apr. 24

UN (1785) Dept 29/IV

Can this be brought up end of May perhaps.

Bu ~~May~~ 30

But this is all quite unrealistic. JB May.

UN (~~Ex~~) Sept.

June 3

An Item "Election of 3 members to the Economic Board for Palestine" still figures on the Eco Soc Ag. Provisional Agenda for 7th Session.

2. It is, I should think, bound to be deleted before the session starts, ~~if not~~ but it would be best if possible to get it deleted before the Agenda Committee meets (15th July). as if it ~~wasn't~~ still figures there the Byelorussian members may well waste a lot of time being fussing over it.

3. I can't myself quite see how to achieve this as I ~~don't~~ think even a request from the Security Council would have to go to Econoc Agenda Committee. Perhaps UN(Pol.) will advise.

R. Sell

UN (Pol) Dept.

I have spoken to Mr. Hebblethwaite and we agreed this should be referred to legal advisers. In my opinion the Jan. Assembly by its resolution of May 14th 1947, inter alia, "relieves the Palestine Government from the further exercise of responsibilities" under the Partition Resolution of 29th Nov 1947, has superseded all activity of

B. Salt
5/11

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VNO in relation to the Joint Economic Board. For

(a) The Commission, according to § 11 of the "Steps Proposing to Independence" of the Plan (Part I, B) was to appoint a Preparatory Economic Commission of three members to make whatever arrangements are possible for economic cooperation with a view to establishing, as soon as practicable, the Economic Union and the Joint Economic Board, as provided in Section D.

(b) Section D of the Plan ("Economic Union and Transit") provides that if by 1st April 1948 the Provisional Councils of Government have not entered into the Undertaking with respect to Economic Union and Transit, the Undertaking shall be put into force by the Commission.

(c) The Commission, whose activities were suspended on May 14th, had by that date done neither of the above two things.

It is true that the Economic & Social Council was to appoint three foreign members to the Joint Economic Board. But the Board was to consist also of three representatives of each of the two States and it was the Commission's function to see to the appointment of these 6 Palestinian members. Therefore the Board does not exist and the Resolution of May 14th has made it impossible for it to come into existence pending a further Resolution which may again set the original Plan in motion or provide an alternative method of procedure.

R. Balguy
9/6

Mr. Beckett
Mr. Beckett

W. B. 16
6

I attach a draft.

Lance Thirkell. 16.6
LANCE THIRKELL.

U.N. (Ext) Def.
U.N. (Ext) Def.

I notice that the draft does not mention the point raised by Miss Salt in para. 2 of her minute above. Perhaps U.N. Political Dept. will consider whether any instructions to the Delegation, covering

See Part I, D, § 3 of the Plan.

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43

H. Beeley $\frac{K}{6}$

B. Sal
21/11

Something
on the line of

2. This item appeared on the agenda of the sixth session of the Economic and Social Council as a result of the General Assembly Resolution No. 181 (II) of November last (see Chapter 4 D 3). We cannot find, however, any specific instruction to the Council on this point. It may be, therefore, that action was taken by the Secretary General as a result of the Assembly Resolution mentioned above. In the circumstances indicated in paragraphs 2 to 5 of this letter there is perhaps a chance that the Secretary General may agree to delete the item from the agenda as we

The indirect
reference
contained in

Nothing to be Written In this Margin.

[illegible]

would wish. We appreciate, of course, that you may have difficulties in persuading him to act as proposed but, if you see no objection, we should like you to speak ~~at least~~ to the appropriate Official in the sense suggested with a view to having the item deleted from the provisional agenda of the Economic and Social Council."

Hebblethwaite
(S. H. HEBBLETHWAITE).
23rd June, 1948.

Dft: so amended & sent.

47.28:vi.

Nothing to be Written in this Margin.

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JNO 9-5M-4-47-W



EMPIRE STATE BLDG.
61ST FLOOR
NEW YORK 1, N. Y.

No. 607/5/48

April 16th 1948

E 4830

With the compliments of the

20 APR 1948

United Kingdom Delegation to the United Nations

Copy retained in Delegation &
copy forwarded to Embassy, Washington

H. H. Principal Secretary of State
for Foreign Affairs,
Foreign Office,
S. W. 1

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ADRESSE TELEGRAPHIQUE: UNATIONS NEW-YORK



NATIONS UNIES

LAKE SUCCESS, NEW YORK • FIELDSTONE 7-1100

REFERENCE: ECA 45/01/SD

12 April 1948

The Secretary-General of the United Nations presents his compliments to the Secretary of State for Foreign Affairs in the United Kingdom and has the honour to call attention to the Resolution No. 112(VI) adopted by the Economic and Social Council on 11 March 1948 (Document E/774), requesting Member States to submit to the Secretary-General, not later than 15 June 1948, the names of suitable candidates for nomination as foreign members of the Joint Economic Board for Palestine, as provided for in General Assembly Resolution 181(II) of 29 November 1947.

The Secretary-General has the honour to request that names of suitable candidates be submitted to him in accordance with the terms of the above-mentioned resolution of the Economic and Social Council.

**The Secretary of State for Foreign Affairs,
Foreign Office,
Downing Street,
London, S.W.1.,
England.**

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No. 2. 4830/7/51.

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Open.

L.T.

Draft.

U.K. Delegation to
the U.N.
from
Eastern Dept.

NOTHING TO BE WRITTEN IN THIS MARGIN.

U.N. (East) Dept
U.N. (East) Dept } Ist.
See minute
P.R. 24/6

Cy: Washington. ref:

Copy to:
Mr. Salt
(U.N. Dept.)
and
Colonial Office
(Mr. Higham)

OUT

25/12
25/3/46
2.5 June

Dear Delegation.

On April 16th you sent us
under cover of yr: P.L. No. 607/5/48 a
letter from the Secretary-general of
the United Nations asking us to submit
by the 15th June the names of candidates
suitable for nomination as members of
the Joint Economic Board for Palestine
wh. was provided for in the General
Assembly's Resolution No 181 (II) of the 29th
Nov. 1947.

2. We have, in fact, not taken any steps
to find such candidates, as the General
Assembly's resolution of the 14th May inter
alia relieved the Palestine Commission
from the further exercise of the responsibilities
laid down for it in the resolution of the
29th Nov, and therefore from any responsibility
for the creation of a Joint Economic Board.

3. In the resolution of the 29th Nov it was
laid down that the Commission shd:
1). have appointed a Preparatory

/Economic

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Economic Commission of three members
to arrange for economic cooperation with
a view to establishing economic union
& the Joint Economic Board at the
earliest possible opportunity (Part I. B.
§ 11) and

- ii) ~~to enforce~~ ^{enforce} the undertakings connected
with Economic Union & Transit, in the
event of the Provisional Councils of Govt.
having failed to do so by the 1st April. (Section D).

The Commission had done neither of these
things by the 14th May when its ~~activities~~
activities were suspended.

4. While it is true that it was the
responsibility of the Economic & Social
Council to appoint three foreign
members to the Joint Economic
Board, it must be pointed out that,
owing to the fact that the Palestine
Commission did not appoint ~~the six~~ six
Palestinian members who were to
form it, no such board exists. Nor,
under the resolution of the 14th May,
can it do so unless another and
subsequent resolution sets the original
plan in motion or provides an
alternative procedure.

5. There is obviously, at this ~~point~~ stage,
no point in our suggesting the
/names

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838541. W. 14098/147 250,000 6/47
A. & E. W. Ltd. Gp. 685

names of candidates to serve on a
Board who does not exist, and
we wd: be grateful if you cd:
print this out to the Secretary
General of the United Nations
in a suitably worded reply.
6 } [Copy from Mr. Hubblethwaite's minute, within].
7. }
8. We are sending a copy of
this letter to the Chancery at
WASHINGTON.

Yours Ever
Eastern Dept.

D.B.
24/6

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48
FOREIGN OFFICE, S.W.1.

(E 4830/7/31)

25th June, 1948

CONFIDENTIAL

Dear Delegation,

On 16th April you sent us under cover of your printed letter No. 607/5/48 a letter from the Secretary-general of the United Nations asking us to submit by the 15th June the names of candidates suitable for nomination as members of the Joint Economic Board for Palestine which was provided for in the General Assembly's Resolution No. 181 (II) of the 29th November 1947.

2. We have, in fact, not taken any steps to find such candidates, as the General Assembly's resolution of the 14th May inter alia relieved the Palestine Commission from the further exercise of the responsibilities laid down for it in the resolution of the 29th November, and therefore from any responsibility for the creation of a Joint Economic Board.

3. In the resolution of the 29th November it was laid down that the Commission should:

- i) appoint a Preparatory Economic Commission of three members to arrange for economic cooperation with a view to establishing economic union and the Joint Economic Board at the earliest possible opportunity (Part I.B. paragraph 11) and
- ii) enforce the undertakings connected with Economic Union and Transit, in the event of the Provisional Council of Government having failed to do so by the 1st April. (Section D).

The Commission had done neither of these things by the 14th May when its activities were suspended.

4. While it is true that it was the responsibility of the Economic and Social Council to appoint three foreign members to the Joint Economic Board, it must be pointed out that, owing to the fact that the Palestine Commission did not appoint the six Palestinian members who were to form it, no such board exists. Nor, under the resolution of the 14th May, can it do so unless another and subsequent resolution gets the original plan in motion or provides an alternative procedure.

5. There is obviously, at this stage, no point in our suggesting the names of candidates to serve on a Board which does not exist, and we would be grateful if you could point this out to the Secretary General of the United Nations in a suitably worded reply.

/6.

United Kingdom Delegation
to the United Nations,
New York.

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Yours ever,
EASTERN DEPARTMENT.

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5111 | 50

1948

PALESTINE

24 APR 1948

Registry Number 5111/7/31
TELEGRAM FROM
United Kingdom
No. Delegation
NEW YORK
Dated 1243
Received in Registry 23rd April
24th "

Palestine, Financial Position.

Refers Foreign Office telegram No, 1651, In para 6 reference is made to announcement that His Majesty's Government have accepted responsibility for Palestine defence bonds and saving certificates. Asks that text of this announcement be telegraphed as soon as possible.

Last Paper.

4870

References.

(Print.)

(How disposed of.)

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Herman Lab Off
Schert. M.1.5
M-1.3a
M-04
Admiralty
A.M.
Longbridge Leg
Rutell Edmund ~
Sturgeon ..
Lukic R.O.T
Gutah CO

(Action completed.)
5/11/4

(Index.)
5/11/4

Next Paper.

5249

(Minutes.)

Mr. [Signature] Apr 27

N.B. 24/4

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5111

24 APR 1948

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Cypher/OTP

WORLD ORGANISATION DISTRIBUTION

FROM NEW YORK TO FOREIGN OFFICE

(From United Kingdom Delegation to United Nations).

No. 1243

D. 2.23 p.m. 23rd April, 1948.

23rd April, 1948.

R. 9. 9 p.m. 23rd April, 1948.

Repeated to Jerusalem

Washington (Saving)

IMMEDIATE

SECRET

GIANT

Addressed to Foreign Office telegram No. 1243 of April 23rd repeated for information to Jerusalem and Saving to Washington.

Financial position.

Following for Gutch Colonial Office from Fletcher-Cooke.

Most grateful for information in your telegram No. 1651. *N.R.*

2. In paragraph 6 reference is made to announcement that His Majesty's Government have accepted responsibility for Palestine defence bonds and saving certificates. Grateful if text of announcement could be telegraphed to me earliest. I understand from Jerusalem telegram to United Kingdom Delegation No. 1125 that copy of communique was sent on 14th April by savingram No. 119 but judging from past experience this may not reach me until early May.

Please repeat to Jerusalem immediate as my telegram No. 325.

[Copy sent to Telegram Section C.O. for repetition to Jerusalem].

EEEE



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73

E

52

E. 5249

27 APR 1948

1948

Registry Number } E5249/7/31

FROM J. Higham
Colonial Office

No. 75173/21/48
to Mr. Beith

Dated 22nd April

Received 27th
in Registry

Palestine Currency Board, United Nations Observer.

Refers New York telegram No, 1166 dated 16th April (E4767/7/31) which was considered by the Palestine Currency Board. The Board will meet again on 12th May and will welcome an observer appointed by the Palestine Commission. Mr. Higham would like to know who will be coming.

Last Paper

5111

References

(Print)

(How disposed of)

Ref. New York 1765
29 April
E. Economic Dept
May 4

(Action completed)

(Index)

Next Paper

5708

(Minutes.)

Grant tel.
E.R. Dept. - ala
sent
B Apr. 28
BAGB
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My Reference 75.173/21/48.

Your Reference

Colonial Office,
The Church House,
Great Smith Street,
S.W.1.

22nd April, 1948.

Dear John, 27 APR 1948

At their meeting on the 21st of April the Palestine Currency Board considered New York telegram No. 1166 which stated that the United Nations Commission had now agreed in principle to appoint an observer to attend the meetings of the Board.

The next regular meeting of the Board will be held on the 12th of May at 5 p.m. at the office of the Crown Agents for the Colonies, Millbank, S.W.1. and the Board would be glad to welcome an observer appointed by the Commission.

We should like to know who will be coming.

I am sending copies of this letter to Russell-Edmunds, Treasury and Downie, Crown Agents.

Yours sincerely
John Higham

(J.D. Higham)

J.G.S. BEITH, ESQ.

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Registry
No. E5249 / 7/31

~~Top Secret~~
~~Secret~~
~~Confidential~~
~~Restricted~~
~~Open~~

Draft.

WR. Del.

N. York

TEL No. 1765
DATE April 29

Repd.

Washington

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refe

ER. Dept. a/a

J.B. Apr. 28

L.B. Pyne
25/4

OUT FILE

Date

Despatches

~~IMPORTANT~~

GIANT

Add. WR. Del. N. York tel no. 1765
Apr 29/47
Repd. having to Washn.

Your tel. No. 1166 [of

Apr. 16 : Palestine balance]

Next regular meeting
of Board will be at
Office of Crown Agents
for Colonies, Millbank,
at 3 pm. May 12th
and Board would
be glad to welcome an
observer appointed
by

NOTHING TO BE WRITTEN IN THIS MARGIN.

(2447) (4728), W. 11489-144 250m 5/47 G.S.S.

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2. Please report who
observer will be.

DRB

29.6

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WORLD ORGANISATION DISTRIBUTION

(To United Kingdom Delegation to United Nations)

D. 9.14 p.m. 29th April, 1948

GIANT

Your telegram No. 1166 [of 16th April: Palestine balances].

2. Please report who observer will be.

PPP

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75
1948

E
PALESTINE

56
5491
30 APR 1948

Registry Number } E5491/7/31

FROM J. Higham
Colonial Office of the assets of the Palestine Currency Board.
No. 75173/21/48

Dated to Mr. Beith
Received } 28th April
in Registry } 30th "

Palestine Currency Board.

Refers New York telegrams Nos 1147 (E4684/4/31) and 1166 (E4767/7/31) Colonial Office have prepared a draft reply (enclosed) discussing the disposal

Last Paper

5308

References

(Print)

(How disposed of)

(Action completed)

(Index)

Next Paper

5516

34987

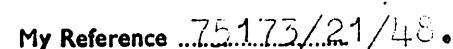
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Your Reference

CONFIDENTIAL 30 APR 1948

Dear John,

Colonial Office,
The Church House,
Great Smith Street,
S.W.1.

26th April, 1948.

You will recall that in New York telegram No. 1147 Delegation reported the views of the United Nations Commission concerning the Palestine Currency Board. In New York telegram No. 1156 also, the Commission are reported to have agreed in principle to appoint an observer to sit on the Palestine Currency Board but reserve their position regarding the future of the Board after the 15th of May.

The United Nations Commission also devoted section F of their report to the second special session of the General Assembly to Currency Board matters. It is not, of course, our contention that the Commission cannot become the Currency Authority in Palestine, but that they do not automatically inherit the assets of the present Currency Authority. We have prepared a draft reply to New York, on which we should be grateful for your comments and those of Russell-Edmunds and Downie, to whom copies of this letter are being sent. The major question to be decided is whether we should, at this stage, come out into the open as regards our intention to treat advances made to meet the present Palestine Government's liabilities as a first charge upon the surplus assets of the Currency Board. There is, on the one hand, much to be said for making a clean breast of the matter straight away, so that we cannot, at a later stage, be accused of disingenuousness. On the other hand, the present

United

J.G.S. WHITE, MSQ.

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58

UKDEL NEW YORK

DRAFT TELEGRAM

Your telegrams Nos. 1147 and 1166.
Palestine Currency Board.

His Majesty's Government are unable to accept the views of the Commission regarding the assets of the Palestine Currency Board as set out in paragraph 1 (7) of your telegram No. 1147.

2. (a) The Currency Board is a body resident in the United Kingdom and under the control of the Secretary of State. It was constituted generally to provide for and control the supply of currency to Palestine, and has in particular performed the functions of issuing currency notes and coin in Palestine against sterling payments and redeeming them. It has had the responsibility of building up from its income reserves sufficient to meet possible depreciation in the value of the currency backing and it has from time to time made grants toward the revenues of the present Palestine Government. It is, however, under no obligation to make such grants. Similarly the revenues of the present Palestine Government have borne no liability to make good any losses which the Currency Board might incur.

(b) The assets of the Currency Board are not therefore assets of the present Palestine Government nor of any successor authority. Moreover as the Commission is aware, the formal accounts of present Palestine Government will reveal a very large liquid deficit. Already His Majesty's Government has made considerable advances to meet immediate commitments. In

these

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these circumstances, if there is no near prospect of His Majesty's Government being fully re-imbursed by the successor authority for the total advances which will have been made to meet the present Palestine Government's liabilities, such advances will be regarded as a first charge upon the surplus assets of the Currency Board.

(c) In the event of ~~a new~~ currency being issued in Palestine for the joint use of the two successor states envisaged under the Partition Plan, His Majesty's Government would wish to ascertain the views of the joint currency authority before determining the disposal of such surplus assets of the Currency Board as might then remain after any prior deduction as might be required under paragraph (b) above.

3. Until such time therefore as the position outlined in paragraph 2 (b) and (c) above has been clarified, His Majesty's Government consider that the disposal of the assets of the Currency Board must remain in abeyance.

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59

1948

PALESTINE

5 MAY 1948

Registry Number E5735/7/31

TELEGRAM FROM
United Kingdom
Delegation
NEW YORK

Dated 1367

Received in Registry 4th May
5th "United Nations Observer, Palestine Currency Board.

Refers Foreign Office telegram No, 1765 dated 29th April (E5249/7/31) Commission have asked for agenda of Currency Board Meeting to be held on 12th May and for indications as to whether matters to be discussed make it worth while for them to send an observer.

Last Paper.

5584

References.

(Print.)

(How disposed of.)

8, ~~Political~~ Economic
dist.
May 7.
8) CE ~~London~~ (B/E)
May 7.

(Action completed.)

Next Paper.

5702

(Minutes.)

Co. are replying in Brief
Series

JB May 5

See within:

C.O. tel to New York BRIEF 145 of 5/5.

JB May 12

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OUTWARD TELEGRAM

FROM THE SECRETARY OF STATE FOR THE COLONIES

75173/21/48

Mr. Clair

5735/7 31

TO U.K. DELEGATION, NEW YORK.

Sent 5th May, 1948. 17.15 hrs. INDEXED

IMPORTANT

BRIEF No. 145.

Following for Fletcher-Cooke from Higham.

Your telegram No. 1367.

Meeting will be confined to discussion of practical arrangements for meeting present emergency and not with general policy. We do not therefore think it is worthwhile observer attending.

2. If Commission would like, we will gladly send for their information copies of recent Annual Reports, documents on constitution of Board and brief account of measures taken to ensure supply of currency after Mandate ends.

Copies sent to:- Crown Agents for the Colonies.
Foreign Office
Treasury
" "
Bank of England
" "
Crown Agents

- Mr. J. G. B. Beith.
- Mr. W. Russell Edmunds.
- Mr. Stevenson.
- Mr. K. R. Apperley.
- Mr. Lorchow.
- Mr. O. L. Jacobs.
- Mr. P. J. G. Beith.
- Mr. P. J. G. Beith.

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En Clair

FILES 5735

61
FROM NEW YORK TO FOREIGN OFFICE 5 MAY 1948
(From United Kingdom Delegation to United Nations)

No. 1887

D. 2.21 pm. 4th May, 1948.
R. 7.50 pm. 4th May, 1948.

4th May, 1948.

Repeated to Washington saving

IMMEDIATE

Addressed Foreign Office telegram No. 1887 of
4th May, repeated for information saving to Washington.

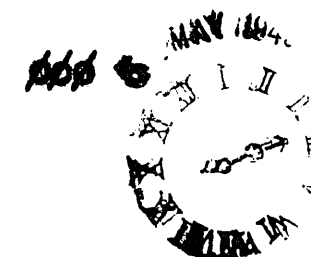
Please pass to Colonial Office.

Following for Gutch from Fletcher Cooke.

Your telegram No. 1785. ^E

Commission have asked for agenda of Currency
Board Meeting to be held on 12th May and for
indication as to whether matters to be discussed
make it worth while for them to send observer.

[Copies sent to Mr. Gutch Colonial Office].



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34 19 3	Palestine EASTERN	E5762 / G 62
E 5762 / 7 / 31/6 U.K. Delegation, New York 1344 May 5th.	Palestine : Financial & Economic matters.	
Last Paper. E4808	(Minutes.)	
References. E4804 / 7 / C <i>In 2 min.</i>	<p>In Foreign Office tel. No.1570 to New York on E4502, Sir A. Cadogan was instructed to inform the United Nations Commission that, "In negotiating a financial settlement arising out of the termination of the Mandate, H.M.G. would be guided by the principles underlying recommendations (a), (b), (d) and (f) of paragraph 30 of the Overseas Negotiations Committee's paper. In H.M.G.'s view the negotiation of this financial settlement cannot usefully be undertaken until the ultimate decision of the United Nations on the future government of Palestine has been reached". It is presumably to this statement that the United Nations Commission have taken exception. I do not think they have much justification for doing so since they have not made a serious attempt to provide for a continuing authority in Palestine or to deal with the financial and economic problems arising out of the termination of the Mandate.</p>	
(Print.)	<p>I have consulted Mr. Gutch of the Colonial Office and Mr. Russell Edmunds of the Treasury, and we are all agreed that the line taken by the Commission is unrealistic. It is all very well for the Commission to ask for negotiations but they appear to overlook the fact that they themselves have little to contribute in the way of authority or willingness to take responsibility. I therefore suggest that this last shot in our correspondence with the Commission should be left unanswered.</p>	
(How disposed of.) Mr. Gutch, CO. Messrs. Gutch, CO. Mr. Gutch, CO. Mr. Mitchell, Hy F. P. Mr. Hitchen, Hy F. P. Mr. Gutch, CO. Mr. Russell Edmunds, Hy F. P. May 7th.	<p>E.R. Dept. ✓</p> <p><i>I agree. The questions for discussion (see E4657) are practical ones and there would be little point in discussing them now. The Commission's letter is specious and not worth a reply.</i></p> <p><i>H.S. Benis</i> 8th May, 1948.</p> <p><i>K.R.C. Williams</i> 8/5</p> <p><i>B.B. Sumner</i> 11.1</p> <p><i>10th 12.5</i></p>	
(Action completed.) 14/5	(Index.) 14/5	
Next Paper.	28888 F.O.P.	

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E 63
[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

Cypher /OTP

WORLD ORGANISATION DISTRIBUTION

FROM NEW YORK TO FOREIGN OFFICE

(From United Kingdom Delegation to United Nations)

No. 1374
5th May, 1948

D. 3.50 a.m. 5th May, 1948
R. 9.01 a.m. 5th May, 1948

Repeated to Washington Saving

IMPORTANT

SECRET

GIANT

Addressed to Foreign Office telegram No. 1374 of
5th May, repeated for information Saving to Washington.

Financial and economic matters - Palestine.

Your telegram No. 1650 and P(NY) documents Nos. 86
and 87 of 27th April.

2. Chairman of Commission's reply is as follows:-

[Begins].

"With reference to your position on the matter I must express regret that your Government is unwilling to carry on the negotiations now with the Palestine Commission since the Commission rightly considers itself as the proper agency of the United Nations for this purpose in the absence of any contrary decision by the General Assembly. Furthermore as a result of its prior negotiations with your Delegation on these and related matters the Commission is now the only agency of the United Nations which already has the necessary knowledge and experience for this purpose".

[Ends].

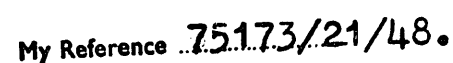
[Copies sent to the Secretary of State for the Colonies].

PPP

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80 <div style="text-align: center; font-size: 2em; font-weight: bold;">E</div> <div style="text-align: center; font-size: 1.5em;">1948</div>	<div style="text-align: right; font-size: 1.5em;">64</div> <div style="border: 1px solid black; padding: 5px; text-align: center; font-size: 1.5em; font-weight: bold;">E 5822</div> <div style="text-align: center; font-weight: bold;">MAY 1948</div>
Registry Number E5822/7/31 FROM Mr Higham (Colonial Office) to Mr Beith No 75173/21/48 Dated 5.5.48. Received in Registry 6.5.48.	<u>Palestine Currency Board.</u> Refers to Treasury letter of 30th April (E5516/7/31). Gives the Board's amendment to the draft contained therein. Asks that the Foreign Office despatch the telegram to New York provided that they see no objection. The Treasury representative at the Currency Board meeting agreed these amendments.
Last Paper <div style="font-size: 1.5em; font-weight: bold;">5762</div>	<div style="text-align: right;">(Minutes.)</div> <div style="font-size: 1.5em; font-weight: bold;">E.A. Sept 48</div> <div style="font-size: 1.5em; font-weight: bold;">Tel. Gent</div> <div style="font-size: 1.5em; font-weight: bold;">JB May 10</div>
References	
(Print)	
(How disposed of) <i>Del. New York</i> <div style="text-align: center;">✓ 1984</div> <div style="text-align: center;">10 May</div> <div style="text-align: center;">remin Wilson 8106</div> <div style="text-align: center;">8. Erananist Dist</div> <div style="text-align: center;">+ Higham. C.O.</div> <div style="text-align: center;">Norman Long. Lry</div> <div style="text-align: center;">12 May</div>	
(Action completed) <div style="text-align: center;">ced</div> <div style="text-align: center;">12/5</div>	(Index) <div style="text-align: center;"> </div>
Next Paper <div style="font-size: 1.5em; font-weight: bold;">5885.</div>	

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Your Reference

Colonial Office,
The Church House,
Great Smith Street,
S.W.1.

MAY 1948 5th May, 1948.

Dear John,

The Palestine Currency Board considered today the draft prepared by Norman Young and sent to you under Treasury reference OF.85/10/5. The Board were in general agreement with this draft, except that paragraph 3 (ii) should read as follows: "Even though the Commission were to become responsible for the issue of currency in Palestine, it could not claim to take over the existing Currency Board or its assets nor to issue its notes. It could, like any other holder, present to the Board for redemption existing notes which come into its possession. Since, should the Commission issue a new currency, the amounts of the old currency coming into its possession would be very large, special arrangements would no doubt be desirable, and His Majesty's Government and the Currency Board would be very willing to discuss these." The remainder of the paragraph stands as drafted.

If you see no objection would you please arrange to have the telegram despatched to New York. (The Treasury representative at the Currency Board meeting agreed these amendments).

Yours sincerely
John Wigham

(J.D. Higham)

J.G.S. BEITH, ESQ.

P. 20.

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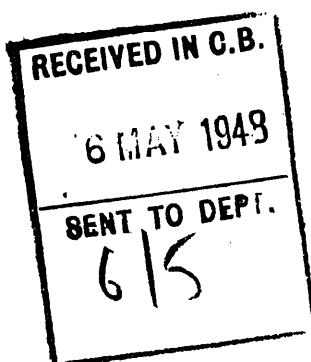
Will you send copies of your telegram to:-

Treasury { Russell Edmunds
Norman Young
Stevenson

Colonial Office { Higham
Bourdillon

Crown Agents { Downie
Gaster

Bank of England { Kershaw
Loombe



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No. **E5822/7/31**

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JG-SB

Draft.

UKDEL New York

Telegram.

No. **1984**

(Date) **May 10**

Repeat to:—

Washington

6106

E.R. Sept. first

JB May 10

En-Clair 1 MAY 1948

Cote
Cypher.

Distribution:—

Departmental

Copies to:—

Colonial Office
(Mr. Higham)

Treasury -
(Mr. Norman Young)

(Miss Loughnane -
3 copies)

(Mr. Russell-
Edmunds)

CYPHER
OUT FILE
E.O.
194

*Addressed to Mr. Sel. New York Tel No. 1984
2 May 10th repeated for info to Washington
Despatched
Immediate.
Confidential*

Your telegram No. 1147 of **Apr. 14**: Palestine
Currency.

Commission's view reported in paragraph
1(7) of your telegram is obviously based on a
misapprehension as to the facts. Please explain
to them that the Palestine Currency Board is not
(repeat not) a creature or organ of the
Government of Palestine. It is a body resident
in the U.K., set up by and responsible to H.M.G. -
not the Government of Palestine - for the purpose
of supplying and controlling currency in the
area served (which includes Transjordan as well
as Palestine). ~~An~~ analogy which, if not pressed
too far, may be useful is that of certain British
(which had until recently the privilege of issuing notes)
note-issuing banks in some of the British-
administered overseas territories.

2. The Board has been responsible for maintaining
full sterling backing for the currency it has
issued, and for building up from its income such
reserves against depreciation as was thought
proper. It has power to make, and has from
time to time made, out of its excess revenue grants
towards the revenues of the present Palestine
Government. It is, however, under no obligation
to make such grants. Similarly the revenues of
the present Palestine Government have borne no
liability to make good any losses which the
Currency Board might incur.

3./

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3. It will be clear from what has been said above that -

- (i) the liability of the Currency Board is to redeem its notes in sterling - subject of course to any U.K. Exchange Control regulations affecting the accounts to which such sterling may be credited;
- (ii) even though the Commission were to become responsible for the issue of currency in Palestine, it could not claim to take over the existing Currency Board or its assets nor to issue its notes. It could, like any other holder, present to the Board for redemption existing notes which come into its possession. Since, should the Commission issue a new currency, the amounts of the old currency coming into its possession would be very large, special arrangements would no doubt be desirable, and His Majesty's Government and the Currency Board would be very willing to discuss these.

In the meantime, as has been announced, H.M.G. have agreed that the Board may continue to operate as far as circumstances permit, pending an orderly transition to whatever arrangements may in due course be made for the future management of the currency.

JB May 10

NOTHING TO BE WRITTEN IN THIS MARGIN.

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68
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Foreign Office telegram No. 1984 to New York

- 2 -

(11) even though the Commission were to become responsible for the issue of currency in Palestine, it could not claim to take over the existing Currency Board or its assets nor to issue its notes. It could, like any other holder, present to the Board for redemption existing notes which come into its possession. Since, should the Commission issue a new currency, the amounts of the old currency coming into its possession would be very large, special arrangements would no doubt be desirable, and His Majesty's Government and the Currency Board would be very willing to discuss these. In the meantime, as has been announced, His Majesty's Government have agreed that the Board may continue to operate as far as circumstances permit, pending an orderly transition to whatever arrangements may in due course be made for the future management of the currency.

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81

1948

E

PALESTINE

5885

69

7 MAY 1948

Registry Number E5885/7/31

TELEGRAM FROM
Lord Inverchapel
No. WASHINGTON
112 remac

Dated 6th May
Received 7th "
in Registry

Use of United States Dollar notes in Palestine.

State Department inform that United States Consul in Jerusalem has asked to be allowed to use United States Dollar notes in payment for goods and services if present difficult currency situation gets out of hand.

He has been given permission to go ahead when he considers it necessary.
Lord Inverchapel asks Foreign instructions urgently.

Last Paper.

5822

References.

(Print.)

(How disposed of.)

8. Palestine Economic
Alert
May 7
Tel W. Jan 149-6111
7 May

(Action completed.)

8/11/10/-

(Index.)

8/11/10/-

Next Paper.

5935

(Minutes.)

Try. have replied
JB May 10

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SECRET FILE 70

CYPHER/OTP

CAMER/REMAC DISTRIBUTION

FROM FOREIGN OFFICE TO WASHINGTON

No. 149 CAMER.

D: 10.00 p.m. 8th May, 1948.

7th May, 1948.

RESTRICTED

Your telegram No. 112 [Remac of May 6th: use of United States dollar notes by United States Consul in Jerusalem].

If it becomes impossible to obtain legal tender (Palestine Currency Board) notes, we clearly cannot raise objection to United States Consul or others making such other arrangements as are essential to enable them to carry on.

We are glad to infer from the tone of your telegram that the State Department regard the use of United States dollar notes in Palestine as a very unusual and in itself undesirable thing.

@@@

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OUT FILE

Treas. Sec.

For Cypher Room
use only

DATE 7/5/48

Despatch 10/7/48

Dear Trevelyan

If you agree please
despatch

Draft telegram to

H.M.

WASHINGTON.

No. 149 CAMEL

Date 7th May 1948

H. CYPLER CODE May 8.

Repeat to

No. _____ CAMEL

Repeat to

No. _____ CAMEL

DISTRIBUTION

Copies to

To you agree, please
despatch. Trevelyan

* Delete where necessary

F-59-45

Notified.

Your telegram no. 112 [REMAC of

May 6th: use of U.S. dollar notes by U.S.

Consul in Jerusalem].

If it becomes impossible to obtain
legal tender (Palestine Currency Board)
notes, we clearly cannot raise objection
to U.S. Consul or others making such
other arrangements as are essential to
enable them to carry on.

We are glad to infer from the tone of
your telegram that the State Department
regard the use of U.S. dollar notes in
Palestine as a very unusual and in itself
undesirable thing.

H.R.

CYPLER

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Cypher/OTP

72
5585
7 MAY 1948
CAMER/REMAC-DISTRIBUTION

FROM WASHINGTON TO FOREIGN OFFICE

Lord Inverchapel
No. 112 Remac
6th May, 1948.

D. 8.30 p.m. 6th May, 1948.
R. 1.40 a.m. 7th May, 1948.

IMMEDIATE

State Department inform us that United States Consul in Jerusalem has asked to be allowed to use United States dollar notes (to be obtained, we understand, from United States Military Authorities) in payment for goods and services if present difficult currency situation gets out of hand.

2. Although reluctant to do so they have felt bound to agree and he has been given permission to go ahead if and when in his judgment he deems it essential to do so.

3. May I have your instructions urgently?

EEEE

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82

E

73

E. 5935

1948

3 MAY 1948

Registry Number } E5935/7/31
TELEGRAM FROM
No. United Kingdom
Delegation
NEW YORK
Dated 1407
Received in Registry } 7th May
8th "

Palestine Sterling Balances.

Refers Foreign Office telegram No, 1806 dated 1st May (E3981/4/31) Transmits list of points made by Commission in their reply.

Last Paper.

1-88P

References.

(Print.)

(How disposed of.)

8. Palestine Expenditure
dlist

May 11

8/10/48 (co. 1000/100)

Tel. New York. 2042 13 May

8/ Econ. Dist. +

Hyman (co)

N. Young J. May 19

(Action completed.)

OK
2/1/

(Index.)

20/1/48

Next Paper.

627

See Minutes with (Minutes.)

3 copies should be sent to Miss Longhorne, Tny., if this is not included in the Economic Distribution.

I think both we and the Tny. will approve para. 3. Miss Longhorne will submit the matter in her dept. before suggesting this.

E.R. Dept. first

By May 15

J. S. Sims

May 10

No doubt we shall see Tny's swift reply.

K. R. Graham

18/5

Reply sent: pte attach

JB May 18

/OVER

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See within:

Palestine telegram 1335 of May 10

Telegram to Palestine 1950 " " 13

JB May 10

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Falestine blocked sterling balances

Co. and Try. want to make
 a statement on the lines of
 our instructions to N. York
 in FO tel. No. 1806 to
 make our position quite
 plain before the end of
 the mandate. I think
 this is quite a useful
 idea and attach a
 draft tel. giving the
 text of this statement and
 agreeing that we should
 reply to the Commission's
 come back (N. York No. 1407)
 as advised by the
 UK.

Nothing to be Written in this Margin.

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Minutes.

UK Delegation.

E. R. Dept.

H. J. Davis
May 13

Suggest omission of words "so far as possible"
in insertion on second page.

Proctor.
15/5/48.

Unfortunately impossible to
agree this amendment this
evening and Co. have
telegraphed the text to
Jerusalem. Stet.
JB May 13

Tel. sent

JB 13/5

13-5

Nothing to be Written in this Margin.

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75

G.

WORLD ORGANISATION DISTRIBUTION

FROM NEW YORK TO FOREIGN OFFICE

(From United Kingdom Delegation to United Nations)

D. 2.16 p.m. 7th May, 1948.

R. 7.59 p.m. 7th May, 1948.

Repeated to Washington Saving.

15.35

3 MAY 1948

gram No. 1407 of

3 MAY 1948
Addressed to Foreign Office telegram No. 1407 of 7th
May repeated to Washington saying for information.

✓
Your telegram No. 1808 and communication to
Commission P. (N.Y.) 90 of 2nd May - Palestine sterling
balances.

Commission have replied making the following points:-

1. Having regard to paragraph 5 of statement issued on 21st February (Annex I of Economic Policy Committee's paper (48)8 enclosed with your despatch No. 22 of 2nd February) that His Majesty's Government would consult with Commission regarding future releases, Commission express regret that His Majesty's Government has deviated from this policy.

2. Commission have devoted considerable attention to the question of the amount of sterling balances which should be released after 15th May and as a result of this study of the problem, Commission cannot (repeat not) share the views expressed in paragraph 5 of your telegram under reference

(a) that it is impossible to make any realistic estimate of the amount, and

(b) that there would be risk of abuse.

8 MAY 1968
3
5. In view of Commission, limitation of amount to be released would itself be protection against abuse. When His Majesty's Government were faced by risk of abuse in February they prevented such abuse by limitation of global amount to be released.

/4. Commission argue

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Registry
No. *E. 5935/7/3*

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~~Secret~~
Confidential
~~Restricted~~
~~Open~~

JGSB

Draft.

UNDEL
Sir A. Cadogan.
New York

Telegram.

No. *2042*
(Date) *May 13*

Repeat to:—

Washington *5260*

*(Co. are sending
to Jerusalem)
Co. & Trg. Comm.
E.R. Dept. Int.*

*Ths. G. S. S. S.
May 13*

RECEIVED IN G.S.
14 MAY 1948
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Cypher. TO DEPT.

Distribution:—

~~Departmental~~

*Political
World Org.*

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Mr. Boss &
Mr. Higham
Treasury -
Miss Loughnane
(3 copies)
Mr. Russell-
Edmunds
Mr. Norman Young

CYPIER

Despatched

~~Immediate.~~

~~Confidential~~

CIA N I *AK. Del*

Addressed to New York telno *2042* of
repeated for information to Washington and
Jerusalem.

Your telegram No. *1407* [of May 7th:
Palestine sterling balances].

I agree with the action proposed in
para. 3 of your telegram.

2. Meanwhile it has been thought desirable
to make a statement about the present position
in regard to the blocked balances and the
following text will be released *for*
publication in mid-day Press in London
May 14 and as near that time as possible
in Jerusalem:—

" When Palestine's sterling balances were
blocked on 22nd February arrangements were made
for £7 mn to be released to supplement current
accruals of sterling and enable Palestine's
essential needs to be met during the period
up to the 15th May. Later it was agreed
that further releases should if necessary be
made during this period in order to finance
private imports of food for consumption during
the few weeks after 15th May.

In view of present conditions in
Palestine and in particular of the fact that
no effective central exchange control
authority will for the time being exist with
which the necessary arrangements could be
discussed/

NOTHING TO BE WRITTEN IN THIS MARGIN.

(15556) - Wt. 4897-140 100m 347 G.S.S. Gp 620

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discussed and by which they could be administered and controlled, H.M.G. have decided that it is impracticable at present to make further releases of a fixed amount in respect of any period after the 15th May. ✓ H.M.G. will consider applications from individual banks. Submitted through their correspondents in the U.K. to the Bank of England, for releases from their blocked accounts of reasonable sums required to make essential payments in sterling. Before approving any such applications, H.M.G. will require to be satisfied that the payment is for a purpose for which it is proper that a release should be made and that it cannot be met out of sterling already released or from current accruals, which in any case will be available. *have expressed their willingness*
H.M.G. ~~look forward to discussing~~ more permanent arrangements as soon as circumstances render this practicable."

3. Please give suitable publicity to this statement simultaneously with release in London.

[Approved by Sir O. Sargent]

8/12/51

13.5

Nevertheless in order to meet the situation so far as possible

NOTHING TO BE WRITTEN IN THIS MARGIN.

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WORLD ORGANISATION DISTRIBUTION

FROM FOREIGN OFFICE TO NEW YORK

(To United Kingdom Delegation to United Nations)

No. 2042

D. 12.07 a.m. 14th May, 1948.

15th May, 1948.

Repeated to: Washington
Jerusalem.

IMMEDIATE

CONFIDENTIAL

GIANT

Addressed to United Kingdom Delegation, New York,
telegram No. 2042 of 18th May, repeated for information to
Washington and Jerusalem.

Your telegram No. 1407 [of May 7th: Palestine sterling balances].

I agree with the action proposed in paragraph 5 of your telegram.

2. Meanwhile it has been thought desirable to make a statement about the present position in regard to the blocked balances and the following text will be released for publication in mid-day press in London May 14th and as near that time as possible in Jerusalem:-

"When Palestine's sterling balances were blocked on 22nd February arrangements were made for £7 million to be released to supplement current accruals of sterling and enable Palestine's essential needs to be met during the period up to the 15th May. Later it was agreed that further releases should if necessary be made during this period in order to finance private imports of food for consumption during the few weeks after 15th May.

In view of present conditions in Palestine and in particular of the fact that no effective central exchange control authority will for the time being exist with which the necessary arrangements could be discussed and by which they could be administered and controlled, His Majesty's Government have decided that it is impracticable at present to make further releases of a fixed amount in respect of any period after the 15th May. Nevertheless in order to meet the situation so far as possible His Majesty's Government will consider applications from individual banks, submitted through their correspondents in the United Kingdom to the Bank of England, for releases from their blocked accounts of reasonable sums required to make essential payments in sterling. Before approving any such applications,

/His Majesty's Government will ...

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19

2

5. Please give suitable publicity to this statement simultaneously with release in London.

2222

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INWARD TELEGRAM

TO THE SECRETARY OF STATE FOR THE COLONIES

Cypher (O.T.P.)

FROM PALESTINE (Gen. Sir A. Cunningham)

D. 10th May, 1948.

R. 10th " " 20.30 hrs.

IMMEDIATE

INDEXED

No. 1335 Secret.

Addressed to the S. of S.
Repeated to U.K. Delegation BRIEF No. 1483
(Washington please pass).

Palestine Sterling Balances.

Your telegram No. 1903 repeated to U.K. Delegation
BRIEF No. 150.

I consider press release would have (to) good
affect on public opinion here, as showing His Majesty's
Government does not intend to use present uncertain future
of Palestine for the purpose of further restriction on
release of policy announced at the time Palestine left the
sterling area.

2. Reference your paragraph 3, figures given my
telegram did not (repeat did not) include local confirmed
credits. Such part of these as had not already been paid
before 22nd February has since been paid out of current
releases and accruals. Amount concerned was relatively
insignificant.

Advance copies sent to:-

No. 10 Downing Street
Foreign Office
Ministry of Defence
Cabinet Offices
War Office
Air Ministry
Admiralty
War Office (C.I.G.S.)

- Mr. J.L. Pumphrey.
- Mr. J.P.E. Henniker.
- Mr. R.F. Wood.
- Mr. R.P. Fraser.
- Mr. A.C.W. Drew.
- Mr. J.S. Orms, O.B.E.
- Mr. J.V. Battersby.
- Col. G.S. Cole, O.B.E.

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16479/35/48

En Clair

OUTWARD TELEGRAM

5935 7 31

TO PALESTINE (Gen. Sir A. Cunningham)
FROM S. OF S., COLONIES.

Sent 13th May, 1948. 19.10 hrs.

INDEXED

MOST IMMEDIATE
No. 1950

Palestine Sterling Balances.

Press Release.

My telegram No. 1931.

Policy outlined in my telegram No. 1782 confirmed.

2. Following Press Notice is to be released in this country on morning of 14th May (repeat 14th) for mid-day newspapers. Simultaneous publicity will also be arranged in New York. Grateful if you could arrange for press release in same terms and at a time which would broadly synchronize with above arrangements. I must however leave time of issue to your discretion.

3. Terms of Press Notice are as follows:-

"When Palestine's sterling balances were blocked on 22nd February arrangements were made for £7 mn to be released to supplement current accruals of sterling and enable Palestine's essential needs to be met during the period up to the 15th May. Later it was agreed that further releases should if necessary be made during this period in order to finance private imports of food for consumption during the few weeks after 15th May.

In view of present conditions in Palestine, and in particular the fact that no effective central exchange control authority will for the time being exist with which the necessary arrangements could be discussed, and by which they could be administered and controlled, His Majesty's Government have decided that it is impracticable at present to make further releases of a fixed amount in respect of any period after the 15th May. Nevertheless in order to meet the situation so far as possible, His Majesty's Government will consider applications from individual banks, submitted through their correspondents in the United Kingdom to the Bank of England, for releases from their blocked accounts of reasonable sums required to make essential payments in sterling. Before approving any such applications His Majesty's Government will require to be satisfied that the payment is for a purpose for which it is proper that a release should be made and that it cannot be met out of sterling already released or from current accruals which in any case will be available. His Majesty's Government have expressed their willingness to discuss more permanent arrangements as soon as circumstances render this practicable."

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Copies sent to:-

Treasury	-	Miss Loughname.
"	-	Mr. H.R. Apperley.
Bank of England	-	Mr. C.E. Froude.
Foreign Office	-	Mr. J.G.S. Beith.

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87

E

E 7122

1948

PALESTINE

29 MAY 1948

82

Registry Number EY122/1/31
FROM Mr S.M. Fink

No.

Dated May 24th
Received in Registry May 29th

Claim by Mr OTTO. I. BENJAMIN for return of gold bullion

The gold belonging to Mr Benjamin was placed in safe custody with Barclays Bank London by his brother, a resident of Palestine. Prior to the termination of the Mandate an application to recover the gold on the grounds of illegal sequestration was pending. Can this claim be treated now as a foreign economic interest.

Last Paper

E6913

References

116

(Print)

(How disposed of)

8) 152 (Mr. Russell-Edmonds)
C.O. (Mr Gutch)
June 3.

(Action completed)

P.L. 4/6

(Index)

P.L. 4/6

Next Paper

E 7140.

(Minutes.)

Copy Tm (Mr Russell Edmonds)
Co. (Mr Gutch)

E.R. Dep't 24/6

JB May 31

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83
CABLE FINKLAW NEW YORK

SAMUEL MILES FINK
COUNSELOR AT LAW
37 WALL STREET
NEW YORK 5, N.Y.

HANOVER 2-5997

May 24th, 1948

British Consulate General
350 Fifth Avenue
New York City

E 7122

29 MAY 1948

SIRS:

My client, Mr. Otto I. Benjamin, of this city, is the owner of certain gold bullion which was placed in safe custody with Barclays Bank London by my client's brother, as trustee, who is a resident of Palestine. This gold was placed at the disposal of the British High Commissioner of Palestine and prior to the termination of the mandate an application was pending with the Control of Foreign Exchange in Jerusalem to recover this gold bullion on the ground that the same was illegally sequestered or caused to be placed at the disposal of the British High Commissioner.

Recent news items reveal that certain assets of the British Administration in Palestine are now held in London and would not be released until the British Government is satisfied that British and other economic interests in Palestine were protected. In accordance with this announced policy, it is requested that the claim of Mr. Benjamin be treated as a foreign economic interest in Palestine warranting the protection of the British Government.

I would appreciate your forwarding a copy of this letter to the proper authorities in charge of this matter and acknowledging receipt.

Thanking you, I am

Very truly yours,

Samuel M. Fink

SMF:LR
cc to:
Bank of England
London, England

✓ Ministry of Foreign Affairs
London, England

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88 1948	E PALESTINE	84 E 7140 29 MAY 1948
Registry Number E7140/7/31 TELEGRAM FROM Mr Broadmead No. DAMASCUS 11 Remae Dated May 27, 1948 Received in Registry May 29, 1948	<u>Syrian Government's holdings of Palestinian pounds</u> The Syrian Government have requested that their holdings of Palestinian pounds on the termination of the mandate be converted into sterling, and request clarification of the position regarding holdings and future receipts in respect of transactions before February 22.	
Last Paper. E7122 References. (Print.) (How disposed of.) 8 Palestine Econ. Dist. 31 May Out let - Damascus 16 8 Palestine Econ. Dist. 31 May Jul 11 (E 7309) June 7	(Minutes.) Try will deal with this. But please attach letter from this house name in reply to E 6632 JB June 1	
(Action completed.) 9/11/46 Next Paper. E7195	(Index.) 10/11/46	

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Cypher /OTP

CAMER/REMAC DISTRIBUTION

FROM DAMASCUS TO FOREIGN OFFICE 29 MAY 1948

Mr. Broadmead
No. 11 Remac
27th May, 1948

D. 4.40 p.m. 27th May, 1948

R. 6.14 p.m. 27th May, 1948

CONFIDENTIAL

Syrian Government's holdings of Palestinian pounds on termination of the mandate on 15th May amounted to £.P.166,253 in addition to which an amount of about £.P.450,000 is yet to be received, making an approximate total of £.P.616,000 all in respect of transactions concluded before the exclusion of Palestine from sterling area.

2. The Government request that this amount may be converted into sterling and would be glad to be informed regarding the manner in which conversion should be effected.

3. Owing to the uncertainty regarding the future of Palestine currency, the Syrian Government suspended on 24th April acceptance of further amounts by local banks, in consequence of which serious financial difficulties are being experienced by Syrian firms who have since received payment in respect of transactions with Palestine concluded before 22nd February.

4. The Syrian Government would appreciate early clarification of the position regarding holdings and future receipts in respect of transactions before 22nd February.

[Copy sent to Middle East Secretariat].

PPP



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RECEIVED TELEGRAM

CHIEF OF POLICE DISTRICT

CHIEF OF POLICE DISTRICT

10:00 a.m. 8th June, 1948.

CHIEF OF POLICE DISTRICT

FO 371 / 68606

Treas. Ref.

Dear Mr. ^{Reitt} MacBermott.

If you agree please
despatch

Mary Loughane

Draft telegram to

M.M.

DAMASCUS.

16. 15 CAMEL
Date 7th June '48.

✓
CYPHER CODE IN CLEAR

Repeat to

No. _____ CAMEL

Repeat to

No. _____ CAMEL

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I-59-45

CYPHER 87
For Cypher Room
use only
DATE 8 JUN 48
Despatch 15
OUT FILE

IMPORTANT
CONFIDENTIAL

Your telegram no. 11 [REMAC of
27th May: Syrian holdings of Palestine pounds]

Disposal of Palestine pound bank
balances would normally be a matter for
Palestine exchange control, though permission
of U.K. control would be required for con-
version into sterling of such balances held
by another country outside the sterling area.

2. If in the absence of exchange control
authority in Palestine banks there with whom
balances are held were willing to exchange
them for sterling out of Palestine No. 1 Account
(i.e. free Palestine sterling) we should be
prepared to look sympathetically on an
application for the purpose. But we doubt
whether banks would be willing to do this.
We should not (repeat not) be prepared to
make releases of sterling from Palestine
blocked balances in order to facilitate
such transfers. Nor should we be prepared
ourselves to purchase for sterling Palestine
pound balances held by Syria.

3. We are surprised that if Syrians are
nervous about Palestine pounds, for which
normally they would find good use for trade
purposes, they did not raise the matter with
the Palestine exchange control between
22nd February and 15th May.

JB June 7

6/June

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90

E

88

1948

PALESTINE

E 7244

1 JUN 1948

Registry Number E7244/7/31.

FROM Miss Loughnane,
Treasury to Mr. Beith.

No.

Dated 27th May.

Received in Registry 1st June.

Administration of Palestine Currency.

Refers to Damascus tel 296 (E6632/7/31).
The Palestine Currency is still administered
by the Palestine Currency Board in London and
remains backed by sterling. The only change is
that sterling proceeds are now paid to a blocked
account which can only be operated by permission
of the Bank of England. Sterling payments to
Palestine are now subject to permission.

Last Paper

E7195

References

(Print)

(How disposed of)

9, Damascus. (encl)
NO. 100 N.
June 11

(Action completed)

9/6/48

(Index)

20/6/48

Next Paper

E7251.

(Minutes.)

Copy Damascus with enclosures in original,
ref. for information.

Y 16

F. De B. a/c.
June 3

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JS
Tel. No. : Whitehall 1234



Your Reference

Treasury Reference



TREASURY CHAMBERS

GREAT GEORGE STREET,

LONDON, S.W.1.

E 7244

27th May, 1948

1 JUN 1948

Dear Mr. Beith,

Damascus telegram No.296 shows some confusion of thought, since the exclusion of Palestine from the sterling area has not resulted in any "separation of the Palestine pound from sterling". The Palestine currency is still administered by the Palestine Currency Board in London and remains backed by sterling and convertible into sterling, pound for pound, as it always has been. The only difference is that the sterling proceeds of notes presented for redemption are paid to a blocked account which can only be operated upon with the consent of the Bank of England. Sterling payments from the sterling area to Palestine are now, of course, subject to permission.

I enclose copies of the Exchange Control (Definition of Scheduled Territories) Order 1948 and the (Payments) (Palestine) Order, 1948 (S.I.1948 Nos. 284 and 285), which you may like to send out to Damascus.

Yours sincerely,

May Loughname

J. G. S. Beith Esq.,
Foreign Office.

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91

E

E 7309

96

1948

PALESTINE

JUN 1948

Registry Number | E7309/7/31

TELEGRAM FROM
B. M. E. O. CAIRONo. 2 Remac Saving
SECRET

Dated

May 25, 1948

Received

in Registry | June 1, 1948

Use of Palestinian pounds by the Egyptian forces
in Palestine.

From Waight.

Report of conversation with Emary
Bey concerning Palestine pounds and their use by the
Egyptian forces in Palestine.

Last Paper.

E 7244

References.

(Print.)

(How disposed of.)

3) Palestine Econ.
Distribution
June 1948Tel. B.M.E.O. 47. Cairo
Rtd Baghdad. 12. Cairo
June 7.d. P'ship team visit
June 10(Action
completed.)

Pp 17/6

(Index)

1067
14/4/48

Next Paper.

7424

(Minutes.)

E.R. Sept 24/6

Egyptian Sept. 15/6

B. June 1

Discussed with Eastern and Egyptian
Departments.This was the subject of a meeting of the
Palestine Currency Board, where I put forward
the F.O. view that we did not wish to give
Egypt any facility which could be picked upon
and described as discriminatory.As a result of this the Treasury have
drafted a telegram which is still under
discussion with the Bank of England. The draft
has been discussed again with the Eastern
and E.R. Depts, and I have asked the
Tsy to modify their draft in accordance
with our views. The final draft is still
awaited

P.R. Sunday 7/6

Tel. sent

y 7/6

In P.P. N. Longshore by. banded. 4/6.

Q. 15. vi.

y 10/6

32003 F.O.P.

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REGISTRY

REPETITION OF TELEGRAMS.

No.

E. 7309/7/31

(Date).....

(Despatched)..... M.

(1) TELEGRAM SECTION,
FOREIGN OFFICE.

Please repeat to the posts shown below telegram No. 49 CAMER
from/to BME0 dated June 11th

BAGDAD No. 23 camer (Date) 14/7/48

No.....

No.....

En clair.

Code

Cypher

(Signed) Mr Walker

(Dept.) Eastern

(Date) July 14th

(2) DIVISION CONCERNED (FOR ARCHIVES).

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[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on].

Cypher/CIP by confd. bag. CAMER/REMAC DISTRIBUTION.

FROM B.M.E.O. CAIRO TO FOREIGN OFFICE.

No. 2 Remac Saving.

25th May, 1948.

R. 31st May, 1948.

E 7309

1 JUN 1948

IMPORTANT.
SECRET.

From Waight.

Emary Bey requested Taylor and myself to see him urgently yesterday concerning Palestine pounds and their use by the Egyptian Forces in Palestine.

2. He said that the Egyptian Forces were getting large amounts of Palestine pounds and that it was an urgent matter to decide which currency their Forces would use. He at first was in favour of establishing both currencies i.e. Egyptian and Palestinian pounds as legal tender and inter-exchangeable at some fixed exchange rate. He disliked having to fix an exchange rate but even more a rate at par with Egyptian pounds. He had no idea of the value of Palestinian pounds and in any event there was a grave risk of forgeries.

3. He felt that in order to avoid fixing an exchange rate, the Egyptian authorities ought to declare that they would not accept Palestine pounds and that the Egyptian Forces would use Egyptian pounds only for their internal payments. We suggested that this would involve very considerable hardships on the inhabitants and would disrupt the economy of the country which would not serve the interests of Egypt. Palestinian pounds, we pointed out, were good currency fully backed by sterling assets. He then asked if we would inform him of the present position of the Palestine pounds and how it is managed.

4. We gave him an outline of Palestine Currency Board constitution, functions and obligations and stressed the limitations on the use of Palestinian pounds as the result of the exclusion of Palestine and Transjordan from Sterling Area. He expressed his understanding of the situation.

5. He then asked whether it would be possible to obtain His Majesty's Government's guarantee to release sterling against Palestinian pounds subsequently surrendered by the Egyptian authorities. We explained that it was not a matter for His Majesty's Government but the Palestine Currency Board who would be bound at some later stage, when alternative currency arrangements are made and sterling balance agreements were entered into with successor Governments, to surrender assets against currency liabilities presented to them. We informed him that the Board held 100 per cent sterling assets against Palestinian currency liabilities.

6. This explanation seemed to reassure Emary Bey who then decided he would instruct his Finance Officer (who

/was with us

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B.M.E.O. Cairo telegram No. 2 Remac Saving.

-2-

was with us and on the point of leaving for Gaza) to use Palestinian pounds for payments and receipts and would instruct that Egyptian soldiers' pay would be in that currency while in Palestine. He would try this out for a period.

7. There remained the question of forgeries. He is ascertaining from the National Bank of Egypt whether their expert can advise the Egyptian Army authorities on test methods for forgeries, but if they are unable to provide this information Emary Bey will ask us to use our good offices to obtain the required information from Palestine Currency Board.

8. It is quite clear that Emary Bey does not realise that expenditure of the Egyptian Forces in Palestine is likely to exceed their receipts of Palestinian pounds. In fact, we were given the impression that the Egyptian Government had not (repeat not) given any thought to the problem of the provision of currency to their Forces and were in the meantime simply providing them with Egyptian pounds. His problem now is to decide on one of the following three courses:

- (a) Introducing Egyptian pounds in addition to Palestinian pounds as legal tender, or
- (b) Introducing a new currency, probably over-printed Egyptian pounds, or
- (c) Obtain further supplies of Palestinian pounds from the Currency Chest at Amman.

9. As regards (a) I think he will dislike this as giving claims on Egypt which they are in no position to meet without upsetting their own economy. He will rule out (b) on account of the time factor. There remains (c). We must expect a demand from the Egyptian Government for supplies of Palestinian pounds, and I would be grateful if you will consider what our reply should be in the event and inform me. I assume that if it is agreed to make Palestinian pounds available through either the Trans-jordan or Palestine Chest these will be against sterling from No. 1 Account only.

C:O

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4th June, 1948.

Dear Mr. Loombe,

I enclose the first draft of a reply to HMKO telegram no. 3
Revise Saving. I hope it represents the joint views of the
Foreign Office, the Currency Board, the Bank and the Treasury,
but should like to have your comments, and those of Mr. Dundas
to whom I am copying this, before we submit it, as I think we
must, to higher authority here.

Yours sincerely,

M. LOUGNANE. (MISS).

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95
Addressed B.M.E.O. Cairo. Foreign Office telegram
no. of June, repeated for information to Bagdad for
Mr. Waight.

B.M.E.O.
CAIRO

REPEAT
B A G D A D.

Your telegram no. 2 SAVING [REMAC of 25th May:
Palestine pounds for Egyptian forces]

While currency used by Egyptian Army for its internal
payments is Egyptians own affair, we agree that exclusive
use of Egyptian pounds in dealings with inhabitants of
Palestine would cause considerable inconvenience and perhaps
hardship. In any case the currency situation emerging in
Palestine is likely to be very tangled and would not be
improved by widespread use of Egyptian pounds. Until there
is a recognised Government in Palestine, Palestine pounds
will continue to be the only legal tender in the country,
whatever declaration the ^{occupying} (invading) forces may make as regards
other currencies. It is therefore desirable in Palestine's
interest that Egyptians should use Palestine pounds.

13] 2. That however is not directly the concern of H.M.G.,
and we should not give this argument to the Egyptians as a bargaining
counter. and on the other hand it is important that we should not

provide, or even appear to provide, special (repeat
(6) special) facilities for the benefit of the (invading)-
Egyptian forces.

3. Your para. 5. Palestine Currency Board is bound by
its Statutes to redeem for sterling notes above a minimum
of £2.10,000, but since it is resident in the U.K. its
statutory obligation can only be carried out subject to the
permission of U.K. exchange control. Normally payment of
redemption monies is allowed only to blocked account of a
bank in Palestine or Transjordan. To allow payment to any
third country would encourage flight of Palestine pound notes
from Palestine and would increase our sterling liabilities
elsewhere. Board on our advice has declined to accept for
redemption direct from banks in Egypt, Palestine pound notes
presumably brought to Egypt by refugees.

4. Egyptian authorities like anyone else are at liberty

/to

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to acquire Palestine pounds from Ottoman Bank Amman, paying Currency Board in sterling from No. 1 Account, which is at their free disposal for payments in the sterling area. Similarly they could tender Palestine notes for redemption at Amman but the proceeds would be payable to a blocked Transjordan account. This would leave Egyptians with a credit in Palestine pounds with a Transjordan bank.

5. Egyptians would no doubt wish to have redemption monies paid to Egyptian No. 1 Account. On financial grounds, we should not mind this, provided that amount so redeemed did not exceed the amount purchased with sterling out of Egyptian No. 1 Account. But insofar as it is a departure from normal procedure it would certainly represent a special facility for the Egyptians. Moreover ~~in~~ in the ordinary course of their operations, Egyptian expenditure in Palestine pounds would as you say exceed receipts. Currency Board could not possibly check up on origin of notes presented for redemption and payment to Egyptian no. 1 Account would therefore facilitate transfer to Egypt of Palestine pounds acquired by Egyptian soldiers as loot or in other irregular ways. It seems certain that, when the arrangement inevitably became known, it would provide material for new attacks by Jewish/American critics of our Middle East policy.

On political grounds therefore it must be ruled out.

For your own information, we might be prepared to reconsider ~~it~~ ^{and} ~~it~~ ^{it} out on 6. If you receive demand envisaged in your para. 9 you should explain to Egyptians normal arrangements governing issue and redemption of Palestine pound notes, using information in paras. 3 and 4 above, and say that H.M.G. regret that they cannot agree to make exceptional arrangements for redemption of Palestine pound notes to Egyptian account.

7. We assume that the concern about forgeries (your /para. 7)

later date
in the light
of changed
political
circumstances.

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para. 7) arises in respect of £ps which Egyptian soldiers might present to their Paymaster for exchange. This is of course the Egyptians affair and responsibility, but the following details of genuine notes may assist in the detection of forgeries.

[Details to be supplied by Palestine Currency Board]

4th Jan. 1948

*contained in our immediately
following telegram.*

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For Cypher Room
use only

CYPHER

98

Dear Mr. ~~McDermott~~,
Dunbar

If you agree please
despatch

Mary Loughmore

Draft telegram to

M.M. B.M.E.O.
CAIRO

No. *17* CATER
Date 7th June '48.

RE CYPHER CODE IN CLAIR

Repeat to *BAGDAD (for WAIGHT)*

No. *12* CATER

Repeat to

No. CATER

DISTRIBUTION

Sept 7

Copies to
Treasury (Miss Loughmore)
Bank of England (Mr. Loughmore)
Palestine Currency Board
(Mr. Gaston)

M.E.S.

X Delete where necessary

P-59-45

450p

Ten thousand pounds Palestinian

Confidential.

Addressed BMEC Cairo. ~~Foreign Office~~
telegram no. *4* for June 7 repeated for
information to Bagdad for ~~Mr.~~ Waight.

Your telegram no. 2 SAVING [REMAC of
25th May: Palestine pounds for Egyptian
forces]

While currency used by Egyptian Army for
its internal payments in Palestine is Egyptian's
own affair, we agree that exclusive use of
Egyptian pounds in dealings with inhabitants
of Palestine might cause considerable
inconvenience and perhaps hardship. In any
case the currency situation emerging in
Palestine is likely to be very tangled and
would not be improved by widespread use of
Egyptian pounds. Until there is a recognised
Government in Palestine which makes other
arrangements, Palestine currency notes will
continue to be the only legal tender in the
country, whatever declaration the occupying
forces may make as regards other currencies.
It is therefore desirable in Palestine's
interest that Egyptians should use Palestine
currency notes. This however is not
directly the concern of H.M.G. and we should
not give Egyptians the opportunity of using
it as a bargaining weapon against us.

2. On the other hand it is important that we
should not provide, or even appear to provide,
special (repeat special) facilities for the
benefit of the Egyptian forces.

3. Your para. 5. Palestine Currency Board is
bound by its Statutes to redeem for sterling
the Board's currency notes above a minimum
of ~~£~~ P.10,000, but since it is resident in the
U.K. its statutory obligation can only be
/carried

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4. Egyptian authorities like anyone else are at liberty to acquire Palestine currency notes from Ottoman Bank Amman, paying Currency Board in London in sterling from No. 1 Account, which is at their free disposal for payments in the sterling area. Similarly they could tender Palestine notes for redemption at Amman but the proceeds would be payable to a blocked Transjordan account. This would leave Egyptians with a credit in Palestine pounds with a Transjordan bank.

6. If you receive demand envisaged in your para. 9, you should explain to Egyptians normal arrangements governing issue and

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7. Your para. 2. Have you any idea by what means Egyptians have so far been getting "large amounts" of Palestine currency notes?

47/6

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Cypher/OTP

OUT

CAMER/REMAC DISTRIBUTION

FROM FOREIGN OFFICE TO CAIRO B.M.E.O.

No. 47 Camer
7th June, 1948.

D. 10 a.m. 9th June, 1948.

Repeated to Bagdad No. 12 Camer

CONFIDENTIAL

Addressed to B.M.E.O. Cairo telegram No. 47 Camer
of June 7th repeated for information to Bagdad for Waight.

Your telegram No. 2 Saving [Remac of 25th May:
Palestine pounds for Egyptian forces].

While currency used by Egyptian Army for its internal payments in Palestine is Egyptian's own affair, we agree that exclusive use of Egyptian pounds in dealings with inhabitants of Palestine might cause considerable inconvenience and perhaps hardship. In any case the currency situation emerging in Palestine is likely to be very tangled and would not be improved by widespread use of Egyptian pounds. Until there is a recognised Government in Palestine which makes other arrangements, Palestine currency notes will continue to be the only legal tender in the country, whatever declaration the occupying forces may make as regards other currencies. It is therefore desirable in Palestine's interest that Egyptians should use Palestine currency notes. This however is not directly the concern of His Majesty's Government and we should not give Egyptians the opportunity of using it as a bargaining weapon against us.

2. On the other hand it is important that we should not provide, or even appear to provide, special (repeat special) facilities for the benefit of the Egyptian forces.

3. Your paragraph 5. Palestine Currency Board is bound by its Statutes to redeem for sterling the Board's currency notes above a minimum of £P. 10,000, but since it is resident in the United Kingdom its statutory obligation can only be carried out subject to the permission of United Kingdom exchange control. Since Palestine left the sterling area payment of redemption monies is allowed only to blocked account of a bank in Palestine or Transjordan. To allow payment to any third country would encourage flight of Palestine currency notes from Palestine and would increase our sterling liabilities elsewhere. For this reason Board has declined to accept in London for redemption direct from banks in Egypt, Palestine currency notes presumably brought to Egypt by refugees.

/ 4. Egyptian

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From Foreign Office to Cairo B.M.E.O. telegram No. 47 Camer

(2).

4. Egyptian authorities like anyone else are at liberty to acquire Palestine currency notes from Ottoman Bank Amman, paying Currency Board in London in sterling from No. 1 Account, which is at their free disposal for payments in the sterling area. Similarly they could tender Palestine notes for redemption at Amman but the proceeds would be payable to a blocked Transjordan account. This would leave Egyptians with a credit in Palestine pounds with a Transjordan bank.

5. Egyptians would no doubt wish to have redemption monies paid to Egyptian No. 1 Account. On financial grounds, we should not mind this, provided that amount so redeemed did not exceed the amount purchased with sterling out of Egyptian No. 1 Account. But insofar as it is a departure from normal procedure it would certainly represent a special facility for the Egyptians. Moreover in the ordinary course of their operations, Egyptian expenditure in Palestine currency notes would as you say exceed receipts. Currency Board could not possibly check up on origin of notes presented for redemption and payment to Egyptian No. 1 Account would therefore facilitate transfer to Egypt of Palestine currency notes acquired by Egyptian soldiers as loot or in other irregular ways. It seems certain that, when the arrangement inevitably became known, it would provide material for new attacks by Jewish and American critics of our Middle East policy. On political grounds therefore it must be ruled out. For your own information we might be prepared to re-open question at a later date in the light of changed political circumstances.

6. If you receive demand envisaged in your paragraph 9, you should explain to Egyptians normal arrangements governing issue and redemption of Palestine currency notes, using information in paragraph 3 and 4 above, and say the His Majesty's Government regret that they cannot agree to make exceptional arrangements for redemption of Palestine currency notes to Egyptian account.

7. Your paragraph 2. Have you any idea by what means Egyptians have so far been getting "large amounts" of Palestine currency notes?

8. We assume that the concern about forgeries (your paragraph 7) arises in respect of Palestine notes which Egyptian soldiers might present to their Paymaster for Exchange. This is of course the Egyptians' affair and responsibility, but we shall telegraph shortly details regarding genuine notes which may assist in the detection of forgeries.

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Date
Despatch 12/1
50

~~Confidential~~

My telegram no. 47. para. 8.

Following information may assist

Egyptian authorities in detecting forged Palestine currency notes:

1. The Olive design watermark which appears in the circular panel on the right of the note.

2. The "feel" and embossed effect of the plate printing, particularly the text.

3. Sharpness and clarity of main printing on front and back.

4. Delicate lines and colour of the tint printings.

5. The correct combination of numbering (including the prefix), date and signatures. The chances of a forger having these all correct is very remote.

b. You may inform the Egyptians that the ^{OTTOMAN} Beute at Amman have been instructed /to

Copies to
Tsy (Miss Houghnone)
Banks of England (MILKMADE)
Palestine Currency Board
M.E.S.

X Delete where necessary

T 179-46

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to explain the foregoing to a duly
accredited Egyptian nominee by
practical demonstration on request.

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Code R

CAMER/REMAC DISTRIBUTION

FROM FOREIGN OFFICE TO BRITISH MIDDLE

EAST OFFICE CAIRO

No. 49 Camer
11th June, 1948.

D. 1.15 p.m. 12th June, 1948.

CONFIDENTIAL

My telegram No. 47 paragraph 8.

Following information may assist Egyptian authorities in detecting forged Palestine currency notes:

1. The Olive design watermark which appears in the circular panel on the right of the note.
2. The "feel" and embossed effect of the plate printing, particularly the text.
3. Sharpness and clarity of main printing on front and back.
4. Delicate lines and colour of the tint printings.
5. The correct combination of numbering (including the prefix), date and signatures. The chances of a forger having these all correct is very remote.
6. You may inform the Egyptians that the Ottoman Bank at Amman have been instructed to explain the foregoing to a duly accredited Egyptian nominee by practical demonstration on request.

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93

E

E 7466

104

1948

PALESTINE

4 JUN 1948

Registry Number } E7466/7/31
 FROM COLONIAL OFFICE
 (Mr Gutch) to Mr Beith
 No. 75872/159/24/48
 Dated 1 Jun 48
 Received in Registry } 4 Jun 48

Future channel of communication on winding up of Palestine accounts.
 Clearance Office set up in Cyprus to deal with winding up of Palestine accounts. Encloses copy of telegram from Stewart, former Financial Secretary, Palestine, suggesting that communications be ~~maintained~~ established with His Majesty's representatives in Middle East on matters concerning Palestine accounts or staff of former Palestine Government. Also encloses copy of draft telegram for despatch as reply, if approved.

Last Paper

7724

(Minutes.)

Attack out tel. x x

JB June 4

References

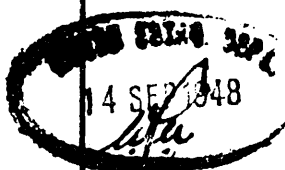
(Print)

(How disposed of)

Tel) Cairo 841 2/6
 Damascus 384
 Beirut 465
 Baghdad 543
 Amman 520
 Telah 482
 Jerusalem 124
 Haifa 61

8) Gutch (C.O.)

7 June.



(Action completed)

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9/2/48
 20/6/48

14/6/48
 20/6/48

Next Paper

7829

34987

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My Reference 75872/159/24/48.

Your Reference

Colonial Office,
Church House,
Great Smith Street,
S.W.1.

E 1st June 1948.

4 JUN 1948

In connection with the winding up of Palestine accounts, a clearance office has been set up in Cyprus. I am enclosing a copy of a telegram from Stewart, formerly Financial Secretary, Palestine, who is in charge of the office, suggesting that it would be convenient if communications could be established direct with His Majesty's representatives in the Middle East on matters of fact concerning either the accounts of Palestine or matters relating to staff of the former Palestine Government with which His Majesty's representatives may be concerned.

We should be grateful if you agree, if action could be taken to give effect to this suggestion and to this end I enclose a draft telegram to His Majesty's representatives in the Middle East. Perhaps you would be good enough to have it sent off if you agree with its terms.

Yours sincerely,
J. Gutch
(J. Gutch)

J. S. BEITH, ESQ.

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106

En Clair

D. 31st May, 1948.
R. 31st " " 10.40 hrs.

Following for Gutch from Stewart. Begins.

It would be most convenient if I could be authorised to communicate direct with British Foreign Office posts in Palestine and neighbouring countries on matters of fact concerning either accounts of Palestine or (repeat or) Clearance Office staff matters and not (repeat not) involving policy. At same time it may be convenient for these posts to communicate with this Office within above mentioned limits. Grateful if this proposal could be considered and if agreed necessary action taken through Foreign Office.

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106

INWARD TELEGRAM

TO THE SECRETARY OF STATE FOR THE COLONIES

En Clair

FROM PALESTINE ACCOUNTS CLEARANCE OFFICE

D. 31st May, 1948.
R. 31st " " 10.40 hrs.

PACO No.17

Following for Gutch from Stewart. Begins.

It would be most convenient if I could be authorised to communicate direct with British Foreign Office posts in Palestine and neighbouring countries on matters of fact concerning either accounts of Palestine or (repeat or) Clearance Office staff matters and not (repeat not) involving policy. At same time it may be convenient for these posts to communicate with this Office within above mentioned limits. Grateful if this proposal could be considered and if agreed necessary action taken through Foreign Office.

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Draft tel.

Cairo 891 ✓
 Damascus 389 ✓
 Beirut 465 ✓
 Bagdad 593 ✓
 Amman 520 ✓
 Jeddah 482 ✓
 Jerusalem 124 ✓
 Haifa 61 ✓

Repet (via Co.)
~~Amman~~, Cyprus

en clair

lept
 RECEIVED IN C.E.
 - 4 JUN 1948

Copy Co. (McGraw)

~~en clair.~~

Addressed: to ~~CAIRO~~ ^{no} ~~JERUSALEM~~ ^{Jeddah}
~~DAMASCUS~~ ^{Beirut}
~~BEIRUT~~ ^{Bagdad}
~~BAGDAD~~ ^{Amman} ^{ref'd for info}
~~AMMAN~~ ^{to Cyprus}

A clearance office comprising accounting and audit staff of the former Palestine Administration has been set up in Cyprus to deal with the closing and reconciling of accounts of the Palestine Government up to the termination of the Mandate, and computation of pensions and gratuities payable to officers of the former Palestine Government.

2. It ^{will} be convenient if on matters of fact concerning either accounts of Palestine or matters relating to staff of the former Palestine Government, but not on matters of policy, communications ^{can} be exchanged direct ^{with} the clearance office. Address of Palestine Accounts Clearance Office is: c/o G.P.O. Platres, Cyprus: telegraphic address: PACO, Platres. Telegrams should be sent en clair wherever possible but office holds Government telegraph code.

3. ~~Grateful if you would take action~~ ^{Please} accordingly.

JB June 2

Copy to: Colonial Office,
 Telegraph Section,
 for repetition to PACO, Cyprus.

7.10/2m

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108

En Clair DEPARTMENTAL DISTRIBUTION
FROM FOREIGN OFFICE TO CAIRO

No.891 D.11.18 a.m. 3rd June, 1948
 2nd June, 1948.

And to Damascus No 389; Beirut No.465; Bagdad No.593;
 Amman No.520; Jedda No.482; Jerusalem No.124
 and Haifa No.61.

Repeated to Cyprus (via C.O).

Addressed to Cairo telegram No.891 of 2nd June,
 and to Damascus, Beirut, Bagdad, Amman, Jedda, Jerusalem
 and Haifa, repeated for information to Cyprus.

A clearance office comprising accounting and audit
 staff of the former Palestine Administration has been
 set up in Cyprus to deal with the closing and reconciling
 of accounts of the Palestine Government up to the
 termination of the Mandate, and computation of pensions
 and gratuities payable to officers of the former
 Palestine Government.

2. It will be convenient if on matters of fact
 concerning either accounts of Palestine or matters relating
 to staff of the former Palestine Government, but not on
 matters of policy, communications can be exchanged
 direct with the clearance office. Address of Palestine
 Accounts Clearance Office is: c/o G.P.O. Platres,
 Cyprus: telegraphic address: PACO, Platres. Telegrams
 should be sent en clair wherever possible but office holds
 Government telegraph code.

3. Please act accordingly.

k k k

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109
pw

INWARD TELEGRAM

TO S. OF S. FOR THE COLONIES

Code

FROM PALESTINE ACCOUNTS CLEARANCE OFFICE, CYPRUS.

D. 11th June, 1948.

R. 11th " " 16.45 hrs.

INDEXED

IMPORTANT

PAGO No. 39.

Your telegram No. 7.

Following for Higham. Begins.

16 JUN 1948

Total amount of claims submitted up to the end of the Mandate not known and there was no separate classification for claims by British subjects. Nor (repeat nor) is it possible to promise figures at a later date.

2. All records were left in Palestine in offices of District Commissioners who were instructed to investigate and classify in two categories :-

- (a) those examined and certified as falling within the scope of the gazette notice quoted
- (b) those which had not (repeat not) been examined.

Large and increasing number of claims submitted, particularly in Lydda and Jerusalem districts, prevented investigation by district staff from keeping pace in the latter stages.

3. Before the start of widespread disturbances following United Nations decision in favour of partition, speaking from memory, the estimated total maximum value of claims which would have merited consideration was about £(sterling)130,000 (excluding King David Hotel which was dealt with under terms of lease as you are aware).

4. No payments made, since it was stipulated in notice that consideration of ex gratia payments would only be undertaken when peaceful conditions had been restored. Ends.

Copies sent to:-

Foreign Office	- Mr. J.G.S. Beith
Treasury	- Mr. W. Russell-Edmonds
"	- Mr. H.R. Apperley

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OUTWARD TELEGRAM

FROM THE SECRETARY OF STATE FOR THE COLONIES

75872/155/212/48

Code

7/66 7 31

TO PALESTINE ACCOUNTS CLEARANCE OFFICE, # JUN 1948
CYPRUS

Sent 8th June, 1948. 15.00 hrs.

IMPORTANT

UNCLASSIFIED

PAGO No. 7 Restricted.

Following for Stewart from Higham.

Parliamentary Question for reply on 16th June
ask what funds available from Palestine Government to
make payment in respect of claims for compensation under
Government Notice No. 1520 of 16th May, 1947, whether
funds will be made available from British Treasury; what
is total amount of claims; and total amount submitted
by British subjects.

2. We have already stated that no Palestine or
British Government funds will be made available, and that
question is for Successor Authority and propose to keep
to this.

3. Grateful any information regarding two final
points in paragraph 1 by 14th June. If actual figures
cannot be given in time, can we promise them at later
date. Please indicate also whether claims have been
investigated and whether any payments have been made.

Copies sent to:-

Foreign Office
Treasury

- Mr. J. G. S. Beith.
- Mr. W. Russell-Edmonds.
- Mr. H. R. Apperley.

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95

E

E 7830

1948

PALESTINE

11 JUN 1948

Registry
Number E7830/7/31FROM COLONIAL OFFICE
(Mr Higham) to Mr Balfour
No. 75873/48

Dated 7 Jun 48

Received
in Registry 11 Jun 48Clearing up of accounts through Palestine Accounts
Clearance Office in Cyprus.

Suggests that balance of some £P.10,000 held by Palestine Railways with Ottoman Bank, Amman and £P.13,000 with Barclays (D.C. & O), Ismailia, should be transferred to Crown Agents for the credit of the account of the Palestine Government, and wish Amman and Cairo to take appropriate action.

Also discusses a voucher, for payment of £P.5,132 to Railways staff, being sent from Cyprus to Amman Legation for the latter to effect payment with assistance of Supervising Stationmaster, Amman.

Any difficulty with transfers would be overcome if banks told that transfers would be used to meet liabilities of late Palestine Govt.

Last Paper

7829

References

(Print)

(How disposed of)

Tel. Cairo no. 155

July 6.
Tel. Amman 645 July 6

8) Mr Higham (CO)

(both ltr) Rps

July 9

3. Paper 70 ltr 11/8/48 Cairo
to Mr Higham. Rps.
20 July(Action
completed)

15 9/7

(Index)

15 9/7

Next Paper

7868
67987

(Minutes.)

Finance Dept.

Any str. before we draft?

Jers Benit
June 11

It would be preferable that the legal position should be made clearer before the diplomatic representatives are asked to approach the banks in question. If it is in order for the (presumably late) Palestine Government to take over these balances, it would be desirable to refer to some legal instrument from which the authority derives.

As regards paying wages, cannot the person authorised to operate the account at Amman issue a cheque to the stationmaster? It would appear to be very undesirable that the Minister should start putting such transactions through his accounts, unless it is absolutely unavoidable.

Mr. Sheppard.

19/6/48.

M. Jones
(17/6/48)

34987

I would assume that the
C.O.

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C.O. are satisfied that there is no legal difficulty. I think we can simply copy this letter to Amman asking them to do what is necessary in whichever alternative way is more convenient.

[Signature]
20/7

Mr Higham rang up to ask us to hold not to telegraph to Amman, until we receive further instructions from him. He will be writing.
B.U. on receipt of his letter.

LT.25.vi.

I have spoken to Mr. Higham since receiving his second letter and he agrees that it would be simpler to have both sums transferred to the Crown Agents and to ignore altogether the alternative possibility referred to in his letter within. The £5,132 due to railway staff in Amman could be paid out before the transfer takes place. Mr. Higham also said that he was very keen that these instructions should be sent by telegram and I attach two draft telegrams.

Finance Dept.

[Signature]
6/7

James Pettill.
2nd July, 1948.

Tels sent.

LT. 6.vii

See within).
Col. Office (Mr Higham to Mr Thirkell) of 28/6.
This was taken into consideration when drafting to Amman & Cairo.
LT 7.vii

8, Mr Martin
I.F.C.S.
Kenny
1. Pay 5 Amman at 645
July 26

8. Miss Wright
O.F.C.S. Psy
3rd Floor
St George St
26 July

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My Reference ...75873/48.

Your Reference

The Church House,
Gt. Smith Street,
S.W.1.

E 7830

7th June, 1948.

11 JUN 1948

Dear Balfour,

The Palestine Accounts Clearance Office in Cyprus have informed us that a balance of some £P.10,000 is held by the Palestine Railways with the Ottoman Bank, Amman and £P.13,000 with Barclays (D.C. and O.), Ismailia. Cyprus ask that arrangements should be made for the Legation and Embassy respectively to approach the banks concerned on behalf of His Majesty's Government as late mandatory, requesting them to transfer these balances either

- (a) to a separate account in the name of the Legation or Embassy, from which approved liabilities, e.g. wages and income tax due in Amman, could be met on Colonial Office authority; or
- (b) to the Crown Agents for the credit of the account of the Palestine Government.

2. At the same time, the banks should advise any person presenting a cheque on the old account to communicate with the Palestine Accounts Clearance Office, c/o G.P.O. Platres, Cyprus, regarding settlement.

3. We think the second alternative is to be preferred and should be grateful if you would ask Amman and Cairo to take action accordingly.

/4.

D. BALFOUR, ESQ.

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RECEIVED IN C.B.

- 9 JUN 1949

SENT TO DEP't.

1-1 JUN 1948

Yours sincerely,

John Whigham

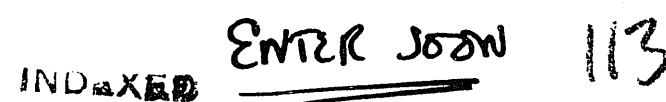
P.S. ~~But~~ If the banks make any difficulty about transferring these balances, it could be pointed out that they would be employed by the Crown Agents to meet liabilities of the late Palestine Government, as approved by the Colonial Office.

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7830

7

38

The Church House,

Gt. Smith Street,

S. W. 1.

28th June, 1948.

Dear Thirkell,

You told me on Friday that you were about to send off a telegram on my letter to Balfour of the 7th June, about Palestine railway balances. I asked you to hold up your telegram until I had studied Amman telegram No.504. I find that this does not alter our original proposals, except that it is now clear that it would be better for the payment of £5,132 to be made locally, the balance being remitted to the Crown Agents. We prefer to avoid bank balances as far as possible and when the time comes to make individual or monthly payments, arrangements can be made through the bankers or the Foreign Office for settlement on reimbursement by the Crown Agents.

Yours sincerely,

John S. Highman

L. G. THIRKELL, ESQ.

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Registry
No. E7830/7/31

Top Secret ==
Secret ==
Confidential ==
Restricted.
Open ==
G.P.W.

LT

Draft.

CAIRO

Telegram.

No. 1158

(Date) July 6/7

Repeat to :-

Amalshah
2.vii

Finance Dept.
first 10.6/7

10 July 2
En-Chain
Code En-Chain.
Cypher.

Distribution :-

Files

Copies to :-
J. D. Higham,
Colonial Office.

735M

F. O.,

194

M.

~~Restricted~~

Despatched

Addressed to Cairo to be of

Please

I should be grateful if you would ask
Braclays Bank (D.C. & O.) Ismailia if they to
could transfer the balance of £P. ¹³13,000 which
they hold for the Palestine Railways to the
Crown Agents, for the credit of the account
of the Palestine Government. You should Please
explain that you are acting on behalf of H.M.G.
as late Mandatory and that the balances so
transferred will be employed by the Crown
Agents to meet liabilities of the late
Palestine Govt. as approved by the Colonial
Office.

Please inform Bank that anyone
2. At the same time you should ask the
bank to refer anyone who presents a cheque on
the old account to communicate with the
Palestine Accounts Clearing Office. c/o G.P.O.,
Platres, Cyprus, regarding settlement.

4.6.vii

3 JUL 1948

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En Clair
E7830/7/31

115
FILES

FROM FOREIGN OFFICE TO CAIRO

No. 1158

6th July, 1948.

D. 10.18 p.m. 6th July, 1948.

Please ask Barclays Bank (D.C. & O.) Ismailia to transfer balance of £P.13,000 which they hold for Palestine Railways to Crown Agents, with the Bank of England for credit of Palestine Government account. Please explain you are acting on behalf of His Majesty's Government as late Mandatory and that balances so transferred will be employed by Crown Agents to meet liabilities of late Palestine Government as approved by the Colonial Office.

2. Please inform Bank that anyone presenting a cheque on the old account should be referred to Palestine Accounts Clearing Office c/o G.P.O., Platres, Cyprus, regarding settlement.

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Registry
No. E7830/7/31

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Open

LT

Draft.

AMMAN

Telegram.

No. 645

(Date) July 6th

Repeat to:—

James Phil (vii)

Finance Dept.
first

JB July 2

En Clair. en clair.
Code.
Cypher.

Distribution:—

Files

RECORDED IN C.B.
8 JUL 1948

Copies to:—

J.D. Higham.
Colonial Office.

OUT FILE

F.O.

194

Despatched

M.

~~Restricted~~

I should be grateful if you would *Please*

arrange for ~~the~~ payment of £P.5.132 to ~~the~~
Palestine railway staff with ~~the~~ assistance

~~of the~~ Supervising Stationmaster. Amman, who
Knows procedure
~~has always been the official responsible for~~
~~their payment.~~ *These* Payments are for

emoluments due up to ~~the~~ 15th May and were
provided for in ~~the~~ Palestine estimates. *I*

~~believe that the~~ Palestine Accounts Clearance
Office in Cyprus *Should* have already sent you a
certified voucher to cover this payment ~~under~~
~~cover of their~~ (P.A.C.O. No.20 to you). *This*

sum should be taken from ~~the~~ balance of
£P.10,000 which ~~is~~ held by ~~the~~ Ottoman Bank
for ~~the~~ credit of ~~the~~ Palestine railways.

2. I should also be grateful if you would
Please
ask ~~the~~ Ottoman Bank to transfer ~~the~~ remainder
of this sum to ~~the~~ Crown Agents *(will be back of England)* for ~~the~~ credit
of the account of the Palestine Government *account.*
Explaining
You should explain that *you* are acting on

behalf of H.M.G. as late Mandatory and ~~that the~~
balances so transferred will be employed by
the Crown Agents to meet liabilities of ~~the~~ late
Palestine Govt. as approved by ~~the~~ Colonial
Office.

3. *Please*
At the same time you should ask the
Bank to ~~refer~~ *refer* anyone who presents a cheque on
~~the~~ old account to communicate with the

Palestine'

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NOTHING TO BE WRITTEN IN THIS MARGIN.

Palestine Accounts Clearance Office. c/o G.P.O.,
Platres, Cyprus, regarding settlement.

46.vii

NOTHING TO BE WRITTEN IN THIS MARGIN.

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En Clair
E7830/7/31

FILES

FROM FOREIGN OFFICE TO AMMAN

No. 645

6th July, 1948.

D. 6.26 p.m. 6th July, 1948.

Please arrange for payment of £P.5,132 to Palestine railway staff with assistance Supervising Stationmaster, Amman, who knows procedure. Payments are for emoluments due up to 15th May and were provided for in Palestine estimates. Palestine Accounts Clearance Office in Cyprus should have already sent you a certified voucher to cover this payment (P.A.C.O. No. 20 to you). Sum should be taken from balance of £P.10,000 held by Ottoman Bank for credit of Palestine railways.

2. Please ask Ottoman Bank to transfer remainder of this sum to Crown Agents with the Bank of England for credit Palestine Government account explaining you are acting on behalf of His Majesty's Government as late Mandatory and balances so transferred will be employed by the Crown Agents to meet liabilities of late Palestine Government, as approved by Colonial Office.

3. Please ask Bank to refer anyone presenting a cheque on the old account to Palestine Accounts Clearance Office c/o G.P.O. Platres, Cyprus, regarding settlement.

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E

E 7952

1948

PALESTINE

14 JUN 1948

Registry Number } E7952/7/31

TELEGRAM FROM
B.M.E.O.
No. 28 RemacDated 12th June
Received 14th "
in Registry

Use of Palestinian pounds by Egyptian forces in Palestine.

Refers Foreign Office telegram No. 47 Camer dated June 7th (E7309/7/31) Has no idea of means by which Egyptians have been getting large amounts of Palestinian Currency notes.
Meeting is arranged with Rifai Bey early next week if he raised general subject of currency, endeavour will be made to obtain information.

Last Paper.

E 7868

References.

(Minutes.)

E.R. Dpt: 1216/c
Egyptian Dpt: 16/6

7. 15.vi.

(Print.)

(How disposed of.)

8. P. line from
alist
(46 E80568
E7987) June 18

(Action completed.)

(Index)

18/4/49

Next Paper.

7987

32003 F.O.P.

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E 7952

E 7952

E 7952

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7309/7/31

Middle East Secretariat].

Middle East Secretariat].

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Del. Hcife 169 June 23
8) Palestine Distr. Eson
Distr. June 25.
8) Colonial Office
Sept 7.

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12!

F I L E S

Mr. Marriott
No. 88

R. 14th June, 1948

12th June, 1948

IMPORTANT

SECRET

PUBLIC RECORD OFFICE					
1	2	3	4	5	6
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Barclays Bank Haifa have received instructions from "State of Israel" to pay sums received for Arab customers to the Custodian of Arab property.

2. Barclays Bank Tel Aviv have received instructions to transfer to "State of Israel" as successor Government recognised by various important members of United Nations sums to credit of Palestine Police, Palestine Post Office etc.

3. Bank is of course stalling in both cases but if "State of Israel" runs really short of funds it may face sanctions e.g. an ordinance revoking their trading licence.

4. Palestine Government Accountant General's account was closed in Haifa Branch on May 14th and drawings on it have been met against balance in similar account in Jaffa Branch but transfer from London was received today. It might be considered desirable not (repeat not) to make further transfers, any accounts payable being met under Banker's lien on miscellaneous accounts in other Branches, e.g. Palestine Police account in Tel Aviv, until they are exhausted.

[Repeated to Jerusalem].

[Copy sent to Middle East Secretariat].

၆၆၆၆ ၆

~~Mr. Buffum~~: You will have had entered copy
Mr. Buffum: of this. I think it should have
Camer-Remar distribution.

VP P. 15 under
I agree. This is being
done for June 15

122
E 7987

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on] 1948
Cypher/OTP
FILES

FROM HAIFA TO FOREIGN OFFICE

Mr. Marriott
No. 88

R. 14th June, 1948

12th June, 1948

IMPORTANT

SECRET

Please repeat Jerusalem as my telegram No. 4.

Barclays Bank Haifa have received instructions from "State of Israel" to pay sums received for Arab customers to the Custodian of Arab property.

2. Barclays Bank Tel Aviv have received instructions to transfer to "State of Israel" as successor Government recognised by various important members of United Nations sums to credit of Palestine Police, Palestine Post Office etc.

3. Bank is of course stalling in both cases but if "State of Israel" runs really short of funds it may face sanctions e.g. an ordinance revoking their trading licence.

4. Palestine Government Accountant General's account was closed in Haifa Branch on May 14th and drawings on it have been met against balance in similar account in Jaffa Branch but transfer from London was received today. It might be considered desirable not (repeat not) to make further transfers, any accounts payable being met under Banker's lien on miscellaneous accounts in other Branches, e.g. Palestine Police account in Tel Aviv, until they are exhausted.

[Repeated to Jerusalem].

[Copy sent to Middle East Secretariat].

uuuuu



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123
mw
E

7984 7 21

Cypher (O.T.P.)

INDEXED

Sent 21st June, 1948. 23.00 hrs.

No. 21 Secret.

No. 21 Secret.

Repeated to Consul-General, Haifa, Jerusalem.

Marriott reports that Barclays Tel Aviv have received instructions to transfer to "State of Israel" as successor Government sums to credit of Palestine Police, Post Office etc. Bank is stalling but may face sanctions.

2. No further transfers to Palestine must be made for the present and any accounts payable should be met under Banker's lien on miscellaneous accounts in other Branches e.g. Palestine Police account in Tel Aviv until they are exhausted.

3. Grateful for estimate of amounts still payable in Palestine other than pensions, gratuities, leave pay etc. so that I can consider whether approach to Jewish authorities desirable.

Copies sent to:-

Foreign Office	--	Mr. Beith.
" "	--	Mr. Dundas.
Treasury	--	Mr. Russell Edmunds.
" "	--	Mr. H. H. Asquith.
Bank of England	--	Mr. Lombe.
Crown Agents	--	Mr. Hicks.
Crown Agents for the Colonies.		

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IMMEDIATE
CONFIDENTIAL

CYPHER

Your telegram is 88.

Please pass the following message from Barclays Bank 124
(D.C. & O.) London to Manager, Haifa Branch -

HTI Consul-General
Haifa.
169.
23.6.48.
Cypher
cleptle.
3 copies to
Miss Longman
my

Begins: TEST 23143 ACCORDING TO AN ACCOUNT RECEIVED HERE
YOU ARE SAID TO HAVE RECEIVED INSTRUCTIONS FROM STATE OF
ISRAEL TO PAY TO CUSTODIAN OF ARAB PROPERTY SUMS RECEIVED
FOR ARAB CUSTOMERS (STOP) NOT HAVING HEARD FROM YOU WE
ASSUME THAT EVEN IF SUCH INSTRUCTION RECEIVED IT HAS NOT
BEEN COMPLIED WITH AND FURTHER WE DO NOT UNDERSTAND HOW
ARAB CUSTOMERS WOULD BE DEFINED (STOP) WE SHOULD BE GLAD
TO KNOW WHETHER THERE IS ANY SUBSTANCE IN THE REPORT AND
IF SO PLEASE CABLE FULLY (STOP) YOU SHOULD CERTAINLY
NOT TAKE ANY ACTION WITHOUT OUR AUTHORITY (STOP) WE ARE
ALSO ADVISED THAT TEL-AVIV BRANCH HAVE RECEIVED
INSTRUCTIONS TO TRANSFER TO STATE OF ISRAEL ALL SUMS TO
CREDIT OF PALESTINE POLICE PALESTINE POST OFFICE ETCETERA
(STOP) CAN YOU COMMUNICATE WITH HACKMEY THROUGH KIND
OFFICES OF MARRIOTT IF POSSIBLE AND TELL US TRUE POSITION
REGARDING THIS ALSO (STOP) ANY SUCH ACTION WOULD IN OUR

RECEIVED ON 25 JUN 1948
ON BE ENTIRELY UNJUSTIFIED AND SHOULD IN NO
CIRCUMSTANCES BE ACTED UPON WITHOUT OUR PRIOR AUTHORITY.
Ends.

JB June 23

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Treasury Reference.



125

Dear Mr. Keith,

We spoke about the attached draft telegram. Barclays are anxious to get this message out as soon as possible, & we did like to keep them.

Yours sincerely,
Harry Longhorne

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DEPARTMENTAL DISTRIBUTION

No. 169

D. 5.35 a.m. 24th June, 1948

IMMEDIATE

CONFIDENTIAL

Your telegram No. 88.

Please pass the following message from Barclays Bank
(D.C. & O.) London to Manager, Haifa Branch -

[Begins]

Test 25145. According to an account received here you are said to have received instructions from State of Israel to pay to Custodian of Arab Property sums received for Arab customers. Not having heard from you we assume that even if such instruction received it has not been complied with and further we do not understand how Arab customers would be defined. We should be glad to know whether there is any substance in the report and if so please cable fully. You should certainly not take any action without our authority. We are also advised that Tel-Aviv Branch have received instructions to transfer to State of Israel all sums to credit of Palestine Police Palestine Post Office etc. Can you communicate with Hackney through kind offices of Marriott if possible and tell us true position regarding this also. Any such action would in our opinion be entirely unjustified and should in no circumstances be acted upon without our prior authority. [Ends].

uuuuuu

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INWARD TELEGRAM

INDEXED

TO THE SECRETARY OF STATE FOR THE COLONIES

AMENDED COPY (corrections = underlined)

Cypher (O.T.P.)

7987/7/31

16 JUL 1948

FROM CYPRUS (Lord Winster)

D. 5th July, 1948.

R. 5th " " 12.35 hrs.

IMPORTANT

No. 437 Secret.

Following from P.A.C.O. for the Under Secretary. Begins.

PACO No. 81.

Your telegram No. 21 regarding payments in Palestine.

Instructions in paragraph 2 noted. From our records it appears that funds still held by banks in Palestine cannot amount to much. It was not possible to transfer the balances held by Accountant General and Port Manager at Jaffa because Barclays branch there closed suddenly on outbreak of Jaffa battle and local manager left taking keys and presumably leaving all records; consequently neither the bank nor the Government are aware of actual position of Government accounts there. Most unlikely that balances will exceed £16,000 = (Palestinian) and £8,000 = (Palestinian) respectively.

2. Understand that all Postal and Railway accounts were cleared. Therefore, apart from amounts mentioned in preceding paragraph, only other balances possible are in respect of one or two imprests which could not be finally = retired in April. These should not exceed a few hundred pounds. If bank has information of any other amounts I should be glad of earliest notification of details.

3. Only substantial balance of which this office is aware is not strictly part of assets. I refer to £(P)324,000 on deposit with Barclays Bank Jerusalem, in the name of the Custodian of Enemy Property, which was deliberately left there on account of = Allied subjects (see paragraphs 2(2) and 17 of Chief Secretary's S.F./369/47, a copy of which was apparently transmitted to Colonial Office). I assume, however, that this account cannot be used = for lien since it can only be operated by Acting Custodian (a Jew), = continuity of whose position is secured by legislation existing before the termination and which has not I understand been repealed de facto.

4.

= Corrections received 7th July.

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4. I presume that instructions in your paragraph 2 refer to payments through banks in Jewish (repeat Jewish) areas only. No similar risk appears to be involved in effecting any payments necessary and practicable in wholly Arab areas of Palestine or (subject to currency considerations) in neighbouring Arab States.

5. Reference your paragraph 3, review of claims awaiting consideration in this office indicates approximately £(P)200,000 due. About 75% of this is owing in Jewish area. Of the latter amount, a proportion is owed to Arabs and may fall to be paid outside Jewish area. In addition there are numerous outstanding cheques which could not be cashed before Government balances were withdrawn. These will probably amount to not less than £(P)250,000 but no means of estimating accurately until all bank estimates available. Meanwhile am considering possible scheme of encashment of outstanding cheques (with the co-operation of banks) especially in cases of ex-Government staff. Ends.

Copies sent to:-

Foreign Office	- Mr. Beith
"	- Mr. Dundas
Treasury	- Mr. Russell Edmunds
"	- Mr. H.R. Apperley
Bank of England	- Mr. C.E. Lombe
Crown Agents	- Mr. A.H. Hicks
Crown Agents for the Colonies.	

Colonel Darpy(Sanctuary Buildings)- re para. 3.

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E 8001

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1948

PALESTINE

15 JUN 1948

Registry
Number E8001/7/31
FROM BUENOS AIRES
(Chancery)
No. 589/48

Dated 4 Jun 48

Received
in Registry 15 Jun 48

Financial activities of the Buenos Aires Arab
Committee for Palestine Relief.

Inform that on 2 Jun Mr Phillimore was visited by Secretary of local Arab Committee for Palestine Relief. The Committee had collected about \$5,000,000 and wished to remit first instalment of about \$500,000 (pesos). Argentine Central Bank had apparently granted permit for U.S. dollars 25,000 and had indicated that it would be proper to allow a sterling remittance as well if H.M. Govt agreed. Phillimore reported by telegram to Bank of England saying he presumed the answer was no, but he wished confirmation from the Bank.

Last Paper

E 7987

References

(Print)

(How disposed of)

*Mr Longhorne
by
P. Loombs
11/2/48
Gulch 80
mual. 10*

(Action
completed)

(Index)

11/2/48

11/2/48

Next Paper

8418

(Minutes.)

*Lance Thirkell 11. 16. vi
LANCE THIRKELL.*

Cy. Tsy: Mr Longhorne
B/England (M.C. Loombs)
Co. (Mr Gulch)

*E.R. Dept 12/46
ME 10/46*

JB June 16

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N 1948

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4th June, 1948

BY AIR MAIL.
CONFIDENTIAL AIR BAG

On June the 2nd Phillimore received a visit from the Secretary of the local Arab Committee for Palestine Relief, who said that the Committee had collected about \$5,000,000 of which it wished to remit a first instalment of about \$500,000 (pounds). The Argentine Central Bank had apparently granted a permit for U.S. dollars 25,000 and had indicated it would be proper to allow a sterling remittance as well if H.M. Government agreed. Phillimore has reported this by telegram to the Bank of England with the comment that he presumes the answer is no, but he would like the answer to be confirmed by the Bank.

3. The above for your information only.

BUENOS AIRES CHANCERY

South American Department,
Foreign Office,
London.

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1943

PALESTINE

E 8418

Registry
Number E8418/7/31TELEGRAM FROM
Sir. H. Mack
No. BAGDAD
664Dated 19th June
Received in Registry 22nd JuneUse of Palestinian Pounds by Egyptian forces in
Palestine.

Refers Foreign Office telegram No. 49 Camer to B.M.E.O. dated 11th June (E7309/7/31) Contents of telegram under reference were communicated to Rifai Bey in Cairo June 15th. He expressed appreciation especially for the facility referred to in para 6. He informed that Egyptian forces in Palestine were using Egyptian Pounds as well as Palestinian pounds on a par basis.

Last Paper.

8001

References.

(Print.)

(How disposed of.)

1. Palestine Economic
Dist
Ass Treasury
(4/6/40) June 23
2. Miss Longhorne (Treasury)
4. Mr. L. L. (Bank of
England)
June 25

(Action
completed.)

(Index)

Next Paper.

E 8420

(Minutes.)

M.E.S. first

J. L. Bant
June 23

This should have Camer. Remun. distri-
bution.

On the face of it, it looks as the
Egyptian authorities were onto a good thing.
They buy Palestinian pounds from refugees
for 85 piastres and issue it again to the
troops at par. i.e. 100 piastres.

The method of payment for currency
obtained from the Arab Bank at
Amman is very important.

I have arranged for amended distribution.

R. G. D. Under
24/6

R. Dept

E Div: Communications Dept. now tell me
they cannot alter this. Please
copy to Tsy (Miss Longhorne) and Bank of
England (Mr. L. L.)

24/6

E. Dept
E. R. Dept 8346
32003 F.O.P.

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CYPHER/OTP

DEPARTMENTAL DISTRIBUTION

FROM BAGDAD TO FOREIGN OFFICE

Sir H. Mack.
No. 664.

D: 6.52 p.m. 19th June, 1948.

19th June, 1948.

R: 8.10 p.m. 19th June, 1948.

CONFIDENTIAL

Telegram No. 664 of June 19th repeated for information to B.M.E.O.

Your telegram No. 49 Camer to B.M.E.O.

From Waight.

22 JUN 1948

Taylor and I met Rifai Bey in Cairo on June 15th and communicated to him contents of your telegram under reference. He expressed his appreciation of His Majesty's Government's attitude in making this information available to the Egyptian Government especially for the facility referred to in your paragraph 6.

2. He informed us that Egyptian forces in Palestine were using Egyptian pounds as well as Palestinian pounds on a par basis. Refugees from Palestine were permitted to exchange Palestinian currency for Egyptian at the rate of eighty five piastas equals one Palestinian pound.

3. He also stated that supplies of Palestinian currency had been obtained from the Arab bank at Amman. Nothing was said as to the method of payment for such currency.

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